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WASHINGTON, D. C.
AUGUST 30, 1943

PROCEEDINGS OF THE REA STAFF WORK CONFERENCE

St. Louis, Missouri

August 30 - September 2, 1943

For Administrative Use Only

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

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SUMMARY

Deputy Administrator William J. Neal, introducing Secretary of Agriculture, Claude R. Wickard, keynoted the meeting as a conference of work, not words.

SECRETARY WICKARD: --- The Department is giving increasing attention to post-war problems now because we cannot afford to repeat the World War I mistake of deferring post-war plans till the peace is won. REA has one of the greatest opportunities to be beneficial and helpful in the post-war period.

We should have a two-fold objective: we ought to see that electricity is taken to rural homes as fast as is practicable and we ought to do everything possible to encourage maximum benefits from the use of electricity. Our struggle to reach these objectives will make an important contribution to a peace which means more health and happiness and security for the rural people of this country.

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VINCENT D. NICHOLSON, Deputy Administrator: --- It is as essential to make long-range plans for the peace as for a great military undertaking. Planning for Agriculture is only a small part of a vast program in which the President has called upon all agencies of the government to participate, and our work in REA is only a small part of the post-war planning of the Department. We are now asked to develop a "shelf" of the right kind of projects representing a maximum program of rural electrification ready to begin at the termination of the war and continue as rapidly as manufacturing and construction facilities permit. We do not want the urgency of the period to stampede us into making mistakes because of decisions that are too hasty, and a welcome by-product of the necessary planning activities will be a better understanding of other problems of agriculture and a closer acquaintance with some of our co-workers in other Bureaus of the Department.

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RAYMOND C. SMITH, Chairman, Interbureau Committee: --- The Department of Agriculture was one of the first agencies of the government to start post-war planning activities, but up to now planning for the war itself has taken first place. The preliminary jobs for the past year included collecting information needed in planning, establishing a bench-mark of

what post-war agriculture may be like, developing a bench-mark of desirable long-range objectives for agriculture, and developing some general assumptions as to the situation of agriculture at the war's end. The general assumptions included breakdown of the post-war period into three sections: Demobilization and Foreign Relief Period, the Post-War Prosperity Period, and the long-term Post-War Period Proper.

We have also started planning in four fields of activity. One has to do with development and conservation of land, water, range, and forest resources; another with rural facilities--such as rural electrification and rural housing; another with rural services; and the fourth with agricultural-industrial relations.

A few weeks ago at Milwaukee, we made plans for the current year. Among the jobs to be undertaken are adjustment of food production during the demobilization period, marketing and distribution for the same period, consideration of problems of each area, a public works employment program, and others.

Rural Electrification can play a major part in giving us the maximum production we will need during the demobilization period, and can also help in the distribution problem. We can plan for electrification of farms just as rapidly as possible, and we must be ready to accelerate this program to help furnish jobs through public works.

I know REA, with whatever help the rest of the Department can give it, is going to carry its end of the load, not with just passive interest, but with a lot of enthusiasm.

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JAMES SALISBURY, JR., Executive Secretary, REA Post-War Planning Committee: --- Two specific objectives are before us in planning for REA's program of rural electrification after the war. The first is extending lines to farms and rural homes, and the second is encouragement of wider use of electricity. The Department's statement at Milwaukee recognized both objectives: "Every suitably located rural family should have the benefits of electric power at reasonable rates and should be encouraged to make maximum use of the service for labor saving and better family living."

The size of the first objective is challenging: more than seven million rural homes and an undetermined number of rural establishments remain without central station electric service. REA's Post-War Planning Committee includes the Administrator, Deputy Administrators, Robert T. Beall, John W. Asher, Arthur W. Gerth, L. P. Slattey, J. P. Schaenzer, George Long, Walter Bigelow, and Dr. Harlow S. Person. The sub-committees serving in consulting capacities to the REA Post-War Committee are as follows: Field Activities Sub-Committee, Rural Facilities and Services Sub-Committee, Agricultural-Industrial Relations and Rural Industries Sub-Committee,

Farm and Home Equipment Sub-Committee, and Agricultural Technological Development Sub-Committee.

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JOHN W. ASHER, JR., Washington Liaison Office: --- Secretary Wickard said at the Milwaukee Conference that he likes to think of how much better the position of this country would be in the war if rural electrification could have been extended further. He expressed the hope of getting electricity to all farmers after materials are available. One of the most important points made at the conference was that the post-war plans must necessarily come from the local folks up rather than from "Heaven down."

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W. B. NIVISON, Applications and Loans Division: --- Ray Smith told the Milwaukee Conference that the purpose of the committees was not to draft a finished post-war plan but to develop a guide to be used by regional or state post-war planning committees. The suggested language of reports from various committees was amended through discussion to take into account the conditions under which the rural electrification program is carried out.

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LESLIE C. ROENICK, Applications and Loans Division: --- The original prediction of what agriculture will be at the end of the 1944 crop season did not contain anything about rural electrification, and a summary as of that date was inserted. The place of rural electrification was also considered in connection with agricultural-industrial relations and rural industries.

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REPORTS OF REA SUB COMMITTEES

ARTHUR W. GERTH, Field Activities: --- The specific goals we have set call for a backlog of 320 million dollars of loan applications after the first 12 months and over 465 millions after 18 months of the planning program. REA representatives to the state planning committees will have great responsibility for creating understanding and good will toward the post-war rural electrification program. The field activities sub-committee has therefore asked for at least one full time representative in each state.

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GEORGE J. LONG, Rural Facilities and Services: --- The duties of this committee are to advise the REA committee on post-war planning and REA representatives on regional and state post-war planning committees. At

present this committee is planning for the future on group purchase of construction material, on office buildings, wiring of farmsteads and other rural establishments, on plumbing, and improvement of community facilities and services.

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W. B. BIGELOW, Agricultural-Industrial Relations and Rural Industries: -- The committee's primary concern will be the relationship of submitted problems or suggestions to the field of rural electrification; however, it will wish to review all possibilities with the thought that such relationships might be developed even though not apparent at first. The entire economic set-up of our country is, to a large extent, vitally concerned with the problem of the proper re-distribution of its industries and its available working population. Conversion of existing rural war-time industries to peacetime activities will receive its full share of consideration, as this will provide continued employment with a minimum of disturbance to a community.

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J. P. SCHAEZNER, Farm and Home Equipment: --- The committee desires to develop and plan educational programs; to be of help in assembling and analyzing research data on utilization equipment; to be of help in setting up and preparing standards and specifications; to ascertain the availability of electric equipment and where it can be secured; and to determine the policies and make arrangements for group purchase. All of these will play a part in furnishing the post-war farmer dependable, durable, quality electric equipment so it cannot be said that electric service is just another out-of-pocket cash expense but is an indispensable, reliable income producer.

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L. P. SLATTERY, Agricultural Technological Development: --- This sub-committee has the responsibility for preparing suggested technological programs as related to rural electrification, developing detailed plans involving engineering-technological phases of rural electrification, and preparing statements or reports on specific questions or assignments for the REA Post-War Planning Committee.

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INTRODUCTORY REMARKS BY CONFERENCE CHAIRMAN,
William J. Neal, REA Deputy Administrator

This is entirely an REA Staff Working Conference. It is a similar type of conference to that which used to be held practically on an annual basis. It has been some few months more than a year since we had one, due to war conditions, but in view of the urgency of our plans for a program of real action after the war, and the pressing problems of ex-

tending lines to the high producing farmers as we are permitted to do by WPB regulations, it was decided that we would have such a conference about September 1st, depending upon the availability of the Secretary of Agriculture. We especially desired the Secretary's presence in order that he might lay before this group a comprehensive discussion of the Department's post-war program and speak on matters relating to the Department's activities generally, to the end that we might have better cooperation and better coordination in the field between those representing this Administration and those representing the other Bureaus and Administrations within the Department.

This is a work conference and is not to be a conference of words, at least on the part of the Chairman. At this time, I am very happy to present the Secretary of Agriculture, the Honorable Claude R. Wickard.

REA AND THE DEPARTMENT OF AGRICULTURE, NOW AND AFTER THE WAR
Secretary of Agriculture Claude R. Wickard

One of the things that we always looked forward to in Washington was the annual meeting of the REA, where the field people and Administrators came together for conferences and usually for a dinner meeting. Since you people left the Longfellow Building in Washington and came out here we are denied the privilege of visiting with you as often, but I want to say this to you people who have not been in Washington recently--that you have something to be thankful for. You have heard the old expression of "losing your shirt." Today in Washington most people seem to be trying to get theirs back.

The United States Department of Agriculture has been giving increasing attention to the problems of agriculture in the post-war period. Not because we think that the day of victory is near--I am sure in my own mind that there are many hard-fought battles ahead before the day of peace. I am sure that the spirit and the efficiency of the greatest military machine the world has ever known has not been greatly impaired. I am also positive that civilians, the working people, the farmers of this country, have much ahead of them so far as hard work and sacrifices are concerned. So, then, you may ask "Why are we now talking about post-war activities in the Department of Agriculture in practically all phases of activities in that Department? Why not wait until the day of peace is at hand? There will be time enough then to plan."

I believe most of you will agree with me that after the last war we were not at all prepared for the peace that followed. We hadn't thought much about it. We had not in the least developed our place among the nations of the world so far as the leadership and the maintenance of peace were concerned. We found ourselves, after a few months of high activities, confronted with an industrial, agricultural and economic depression that all but wrecked us. Surely we want to do everything we can to prevent a recurrence of that sort of thing. When you stop to analyze some of the mistakes that were made at that time and when you stop to think of some of the problems now in the making, I believe you will realize that we

cannot wait until the day of peace. We cannot wait until the day if we are going to be fair and honest and be in a position to deserve the respect of those men and women who joined the Armed Services and served their country well, and who return to their civilian pursuits with the hope that they may find their efforts in this country's struggle are rewarded with a satisfactory type of civilian life. The same thing, I think, can be said for the workers of the nation, for the farmers of the nation who are working very hard, toiling long, long hours, making sacrifices, working under difficulties in order that their share of this war effort may be carried out. I think perhaps that most of you men and women, who have an opportunity to visit rural areas, know how hard farmers of this country are working at the present time. You know something about the difficulties and handicaps under which they are working.

On my trip out from Washington and my visit to my Indiana farm, I was struck by the very favorable outlook for crops and livestock. Our reports for this year's agricultural production now indicate that we will be breaking the total agricultural production record for the fifth year in a row--despite difficulties and despite adverse weather encountered in many parts of the country, at least at the start of the season. Our agricultural production this year is going to be 32 per cent more than it was in the period of 1935 to 1939, almost 1/3 higher than the average production of that period. Another figure which might be of interest to you, especially in the light of certain statements heard recently, is that the production figure for 1917 and 1918 was much smaller than it is for the period 1942 and 1943. In other words, taking the 2 war years of the last war and the 2 war years of this war so far, we find the agricultural production for the 1942 and 1943 period will be 43 per cent higher than it was in 1917-1918.

Our population has increased approximately 30 per cent in the time between these two wars. In other words, we not only have been able to keep up with our population, with the same sized agricultural plant, but have been able to go beyond that so that our agricultural production for this year averages much more in comparison with our population than it did during the other war period. Not only have we kept up with the population, we have done so with about 14 per cent less manpower on the farms.

Now, this increase in production has not only meant a lot to our fighting men and to our allies, it has meant that civilians of this country are on about as good a diet as in 1935 to 1939. Now, that is not true of course, for every kind of food or for every kind of commodity, because the war demand on certain types of foods limits the amount for civilian use; but on the average we will have as much quantity and as good a quality as we had from 1935 to 1939. Of course, our demand and our purchasing power for food production have increased greatly. There are many people who are buying a lot more and eating a lot more than they ever did before, and of course, that means that others may not have quite so much. Every citizen of this country should be thankful to farmers for what they have achieved.

I have spoken about the relative efficiency of the farmers compared with what is was in the pre-war period--43 per cent increase in production with 14 per cent loss manpower. That simply means that farmers are more efficient. They have the advantage of modern methods of production, modern equipment, and the greatest advantage of all, that of electricity on the farms of this country. Perhaps only those people who have been associated as you have been associated with farmers and farm life know just how much REA electricity has meant to the food production effort of this country. Laying aside the question of morale and all that sort of thing, you people are in a better position than anyone else to realize the meaning of electricity to a farm.

Yesterday, when I was on my farm in Indiana, we were looking over the livestock, looking over the hogs. As we went around over the farm it was rather hot and I became thirsty but thought I would have to wait until I got back to the house. Presently the man who was with me said "Do you want a drink?" and I said "Yes." but that I could wait until we got back to the house. He said, "You don't have to." He turned on a faucet and we had water to drink. We were a mile away from the house.

I have piped running water in every field on the farm, so that the calves, milk cows and pigs can be watered wherever they may be. That would not have been possible without REA electricity and it means a great deal to have that sort of convenience. It means a lot in increased efficiency in livestock production. I couldn't help but think of some of the pigs, weighing 200 and 250 pounds, that I saw that day and how they would not have made that growth without the protection of an electrically heated brooder last winter. These are some examples of how we are using REA electricity to step up the efficiency of production on the farms of this country.

I think perhaps REA was hit about as hard as any civilian activity when it was forced to stop building new lines because of the material shortage. Some of us were very much disappointed. I think I know a little bit about how disappointed many people were, because I remember how long I worked to get my buildings equipped with electricity and I know the great thrill that came to me the first time I saw electric lights lighted in my own home. I know how much we planned and depended upon that electricity to do a lot of the chores, to get away from some of the drudgery found on farms. I am sure that the disappointment of those people who had expected REA electricity was so great that only those people who work with them can quite understand it.

Of course, copper is one of the most critical materials in this war effort and must not be denied our war industries. We made the sacrifice, and whenever copper and other critical materials are ready for peacetime use those materials can go into rural power lines to bring the people the great advantages of REA electricity. I am sure that those one million patrons of REA who have had electricity during this war period are indeed thankful to the farseeing leaders of this country who made REA possible.

From the bottom of my own heart, looking at it as an Indiana farmer, I want to say how much I owe President Roosevelt and other leaders who made REA possible for my farm.

I am also sure that we are thankful it has been possible to bring electricity to more than 30,000 high-producing farms thus far this year. Mr. Neal tells me that there is a good chance of doubling that number before the year is out and I hope that we can at least do that much. I think that the use of the U-l-c Order has proven beneficial and has been a very good approach to a very difficult problem, and I want to thank all of those who are working out the U-l-c program and applying it to the agricultural production effort of the farmers of this country.

REA has one of the greatest opportunities to be beneficial and helpful in the post-war period. One thing in that connection I hope we do not lose sight of and I hope the farmers of this country do not lose sight of is that for at least quite a time immediately after the last gun is fired, there is going to be a great demand for agricultural products of this country. I think you can realize how much food is going to be required by both foe and friend when the day of peace comes. We can realize how devastated the agriculture of Europe has become during this war period thus far and the chances are that this devastation will increase as the Axis retreats to its own home land. So we, just out of debt to humanity in the rest of the world who have not been so fortunate as we in matters of food, must see that these people are given as much food as we can possibly spare. What I am saying is that when hostilities cease we should not expect a period of letting down so far as a demand for agricultural products is concerned. That means we want to see to it that REA lines are put in use as rapidly as possible in order to meet that demand. It is always risky to prophesy about the demand for American farm products. But I am optimistic when I think about the program of the United Nations and the plans made at the Hot Springs Food Conference for supplying the food needs of the world. The policies decided upon by the United Nations and the attitude of the people themselves will have a great bearing on those demands. I do know that if we are not ready to fill those demands, then we will not have discharged the obligation upon us.

REA offers a great post-war opportunity in taking up the slack in employment and in the demand for the output of the war-expanded critical materials industries. That can come not only through extension of lines, it can come through the greater use of electricity in those homes where it is now available. I think sometimes that you and I should sit down and dream about the uses to which electricity may be put on a farm. Our imagination carries us on and on. Sometimes I wonder if we really know of the great uses of electricity that are going to be opened on the farms in this country.

There are, perhaps, going to be some new patterns in agricultural production and demands. I would like to use the dairying industry as an example. We in this country now realize more than ever before how defi-

cient we have been in dairy products. The two elements of diet that are most deficient, calcium and riboflavin, are contained in milk in a most desirable form. We have not had as much of those two items of diet as we should have had in wartime or in peacetime. As we learn more and more about what good nutrition means, it becomes more apparent that we ought to increase our milk production and also to utilize all the milk solids. That means instead of a dairying industry based largely on butter fat, and perhaps feeding of the skim milk to the animals, we ought to conserve those milk solids in the skim milk for the consumption of the people in this country and throughout the world. We are not wasting our skimmed milk at the present time, as it is being fed to pigs and chickens. But the fact is that it is much better, if we have a deficiency or a shortage of any element of diet, that the product containing that element be made available to humans, rather than to animals whose products can be consumed by humans. There is a change in the pattern of production and demand in the dairying industry. Such changes are going to have a large effect on the use of electricity. I mention that because we ought to be thinking of patterns of agriculture and how the REA program of the future can fit into those patterns.

Now there are some problems that you field people and you administrative people are going to have to think a lot about and you ought to get the REA co-ops to start thinking about. When we think of what we are going to do about the extension of REA lines in the future, I think we all realize that we have brought REA electricity to those areas that are most thickly populated and where there is the greatest consumption of current per mile. Now how are we going to be able to extend those lines to areas more sparsely settled? I am not here to answer that question. This is a question of high policy. Yet in a democracy, what people think, and what they demand, is carried out sooner or later. Somebody might advocate a longer period for amortization of the REA loans and somebody may suggest that we will have to have higher rates for those people in the sparsely settled areas, or some other combination of suggestions may be in order. Nevertheless, we must face the problem and make plans now, determine our policy in the near future, if we are going to extend REA lines into territories not now covered. We must consider not only that problem but the problem of extending REA lines to people in adjacent areas. That problem may occur for more than one reason. That is, we may have low income people not now being served by electricity in REA areas because of the cost of installation, or because they live too far away from the REA lines under our present standards. What are we going to do about it? What is going to be the attitude of the local cooperatives in those instances? This is something I think we ought to consider very carefully.

We might imagine the case of the young man who has served his time in the Armed Forces of this country-coming back from the war, marrying, taking his bride and starting to farm in a small way, on the other side of the river, or "up the holler," where there is no REA line. We can picture that fellow coming into the local coop office and saying, "I would like to have electricity in my home." Someone asks where it is located,

finds that he is pretty far off the line and says, "It may not pay us to extend electricity to you."

I want to tell you quite frankly that I don't want to have to say that myself.

I've got personal reasons for not wanting to say that because it has been said to me in years gone by. For a great many years I lived two miles from what we called a high tension line and I tried to induce the owners of that private utility to extend, one way or another, electricity down my road. I figured out one scheme after another and one plan after another. I talked with my neighbors. Somehow, we always wound up with this answer by the representative of the private utility: "It just would not pay to extend electricity to you." I don't want to say that to these young men and women after the war is over.

Let us think about that so that the cooperatives can approach this problem in the good American way in order that the benefits of this country may be extended to all.

One thing which I touched upon and which we must not lose sight of, is what we can do to have greater utilization of electricity in the home to take care of some of the home management problems. Sometimes I think we, perhaps, put a little too much emphasis upon the production and maybe not enough in the work and benefits of electricity to the women on the farms of America. We talk about what men are doing in this war and not once do I begrudge them of this, but sometimes I think the women have done more to hold up the morale and to keep the men going, and it is done with a greater handicap than anything else. When we think of the post-war period we ought to be thinking a lot about things that can be done to lighten the burden of the wives and mothers on the farms of America. Things that cannot be measured in terms of dollars, but things that can be measured in terms of human happiness.

What are going to be the demands, prices--those questions will be made easier to answer sometime soon. What is going to be our attitude towards conservation of resources, and toward keeping agricultural plants up in good condition? What is going to be the pattern of tenure during the post-war period for agriculture? Are we going to continue our program of rehabilitation, of saying that farmers shall have a chance to own their own land, living in their own homes? Are we going to attempt to help the tenant farmer get better and more secure terms of tenure? We want to be thinking about these questions that ought to be answered in our own minds as far as possible before the day of peace because if we put them off until after that and then start considering them we may find that circumstances will not be best suited for discussion of those problems.

I know you people know how much engineering work and surveying work must be done, if we are going to be prepared to make the best use of our opportunity of meeting the post-war period.

Now I just want to make this statement in closing, and that is, we ought to have a two-fold objective--one part of that objective is to see that electricity is taken to the rural homes of America as fast as is practicable--the other is that we do everything possible to see that those homes that have electricity make a maximum use of it from the standpoint of the benefits that are being derived. Striving to reach this two-fold objective, it seems to me is going to be one of the most important parts of a peace which means more health and happiness and security for the rural people of this country, and that means a happier and stronger nation.

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INTRODUCTION OF VINCENT D. NICHOLSON
William J. Neal

Last November the first definite memorandum was issued in relation to the rapid development of post-war planning. Following that, you men got busy with many other things, the U-I-C Program which the WPB approved, under which we had a big, immediate job and perhaps the development of post-war plans for the moment got virtually side-tracked.

Then, a few weeks ago the Department held, at Milwaukee, a conference at which it brought together representatives of all its Bureaus and Administrations to get them down to brass tacks on their immediate and more important developments and the mapping out of these plans. REA was represented at that conference by several individuals and when they returned we more clearly defined our program here in REA, established committees, attempted to find the answer to the Department's Budget Officers on the amount of money that we needed to do a good job and at the same time to define what we thought a good job would be.

You men who have been out in the field, may have been expecting to find REA rather uncertain as to its future actions. When you arrived in St. Louis you found men whom you had expected to find without too much to do and you found them busy, working evenings. This may be because of the fact that since the Milwaukee Conference there has been a renewed enthusiasm in getting this work accomplished, and we have been working against a deadline, and have high expectations of meeting this deadline and for finishing these reports on about September 1.

At this time, Deputy Administrator, Vincent D. Nicholson is going to discuss REA participation in the Department's post-war planning activities. It gives me great pleasure to present Mr. Nicholson at this time.

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REA'S PARTICIPATION IN THE DEPARTMENT'S POST-WAR PLANNING ACTIVITIES
Vincent D. Nicholson, REA Deputy Administrator

There have been two schools of thought and comment concerning post-war planning. One school has regarded it as the theorizing of doctrinaires; pipe-dreaming; air-castle building. This school has assumed that a planner is inherently an impractical sort of fellow, blowing soap bubble ideas, enjoying their rosy-hued roundness with no concern that they break against the hard walls of reality. And of all misguided planners, the government official planner is the worst.

The other school is more discriminating. A planner may be an idle dreamer or a hard-boiled realist, depending on his subject matter, his purpose and his technique. This second school believes that no great achievement in the momentous affairs of human society is possible without long, painstaking planning. Dreaming is a necessary part of social planning just as it is a part of mechanical invention. A successful planner in government or in business--and by the same token, a successful accomplisher--must be something of a prophet and a poet as well as a ruthless realist.

It may be presumptuous for me, as a government official planner, to suggest it but I do believe and assert that we in REA belong to the second school. We are not here to dream some dreams about a more decent and more happy and more successful rural life in America. We are met here to implement these dreams with hard thinking, scientific analysis of stubborn facts and realistic devising of ways and means.

This meeting does not signalize the beginning of the end of the war. Recent events seem to support a belief that we are a long way beyond the end of the beginning. The Number One job of the country, is, of course, to win the war just as rapidly as possible. The Number One job of REA is to assist in enabling electric power to make its maximum contribution to the war effort. Sixty per cent of American farmers are forced to fight on the food front of 1943 with the tools of 1918. Indeed, millions of farm men and women are forced to perform much of their essential war-time work by medieval methods. Tasks of the kind which are performed in cities and factories by the pushing of a button, or the pulling of a switch, or the turning of a spigot, must still be performed on the farm by the back-breaking employment of human muscle. Much of this work must be done early in the morning and late into the night by artificial light that is little better than was known to the men of ancient Egypt.

Our war time task is necessarily but a fraction of our post-war task, but it is considerable and significant. It may well become more significant as the war goes on and the food requirements of lend-lease and of occupied or liberated countries become greater. It is estimated that under present WPB orders and policies, electric connections may be made at the rate of about 80,000 a year. Eighty thousand farm connections is a small number, or a big number, depending on how you look at it. Every man, woman and child on those 80,000 farms--400,000 persons, perhaps--regard as a God-

send this new electric hired hand, made available by the aid of their government through the decisions and the action of its war agencies. I would guess that these 80,000 farms have at least 800,000 animal units under the WPB formula and--if I may be pardoned for a little pun 800,000 animal units in terms of war-time food production are not hay.

We are here concerned, however, with another task; a task that is fully as important as winning the war; the task of winning the peace. The war is being fought in order that human society on this globe may have better conditions for life and for work. Certain of these problems of a better world will be immediate upon the ending of the war. Many problems will be more difficult and more urgent because of the war and because of the stupendous task of transition and adjustment.

It is just as essential to make long range plans for the peace as it is to make long range plans for a great military undertaking. My thoughts about planning have been profoundly affected by the statements of the President and Mr. Churchill and others concerning the plans for the invasion of North Africa. We did not win that turning point of the war last fall. We won it many months earlier when the plans were made and thousands of detailed arrangements were perfected. Each detail was difficult in itself but the effective inter-relation of these details will go down in history as one of man's greatest achievements in planning.

The analogy is not perfect since the early activities of the invasion had to be timed to a split second. But broadly speaking, our task is similar to that of those who planned the North African campaign. We too have a problem of invasion. In using this term, I am not thinking of the frequent statements of some of my utility friends when they speak of cooperatives "invading" their territory. Whose territory is it, these rural areas where farmers have waited in vain for electricity? If one wants to think in terms of "territory" and "sovereign rights" it is the sovereign territory of the farmers who were born there, who make their living out of the soil into which they wish to sink the poles of their own electric lines.

When I say that we have a task of invasion, I mean that we are concerned with the invasion of old ideas and patterns, breaking new ground, solving new problems, doing important things which our government has never done before, helping several million rural people bridge a gap which, for them, still divides the middle ages from the twentieth century.

Planning for agriculture is only a small part of a vast program in which the President has called upon all agencies of the government to participate. There are important respects in which present planning for peace will affect the conduct of the war. Civilian morale is all important. A well conceived and widely known rural electrification program will contribute to this morale. Farmers will more willingly grapple with the problems of labor shortage and increased production if they have a reasonable assurance of electric light and power when the war is over. The boys in uniform will gain added incentive from a knowledge that their

government is making plans for the post-war world in which they must find employment and rebuild their lives.

The spectre of unemployment and depression in the period of readjustment to a peace economy calls for a vast program of public works and private construction. Rural electrification has peculiar values in such a program. It represents now facilities owned and operated by private enterprise, brought into being by government assistance. Private employment in mines, factories and construction work will be stimulated. Equally important will be the creation of a great new market for electric appliances and equipment.

Just as the Department of Agriculture is part of a planning program of the government generally, so our work in REA is only a small segment of the post-war planning of the Department. We have just been privileged and honored to learn from Secretary Wickard something of this great over-all program for the future of American agriculture. It would be carrying coals to Newcastle for me to elaborate in this group the part which rural electrification can play in collaboration with our companion Bureaus within the Department.

By way of illustration, may I mention just two important respects in which rural electrification will contribute generally to rural community life in addition to its direct benefit to the individual farm and farm family. The trend of population from rural to urban areas has built up industry at the expense of agriculture. It is not only a problem of labor shortage but a much more serious problem of drawing away from rural communities many of their more enterprising young people. The loss is not confined to youth. Rural communities are deprived of the matured wisdom and experience of retired farmers when they move to town for greater comfort. Electricity will not solve these problems, but I dare to guess that no other single improvement will do more to retain for the strictly rural community its best blood, young and old.

My second illustration of the benefits of electric power to the general economy of rural communities is a reversal of the trend from farm to city by way of bringing industries to the country and the small town. One of the long time objectives of American agriculture, as emphasized at the recent Milwaukee U. S. D. A. Conference, is the decentralization of industry. There are obvious advantages to rural communities in bringing non-farm employment to those who want it. Such combining of farm and non-farm income may be the only solution to the problem of many farm families and many rural communities that have had a marginal existence. Certain industries such as processors of agricultural products can find a peculiar logic in rural location but REA experience has already shown an increasing variety of industries and business undertakings that are attracted to the country as soon as electric power is available.

The industrial revolution was based on new developments in the utilization of mechanical power. Agriculture may be on the threshold of its revolution as electric power becomes available generally to the farmer

and the rural community.

I turn, now, to some of our own specific problems in planning for post-war rural electrification. It is no new subject to us. Since the date of Pearl Harbor we have been thinking about it and doing many things about it. During the past eight years we have always planned ahead. Sometimes we looked ahead six months or a year; sometimes, two or three years. Each project required thinking in terms of its future expansion. As the program grew we had to make plans on a state-wide or a regional basis. These plans involved the orderly development of adjacent cooperatives and immediate or future needs for central generating and transmission cooperatives. In the early years, when nation-wide rural electrification was somewhat of a hope and a dream, we were too busy with insistent, present problems to think very much about the future. But the dream has become an insistent, swelling demand from farmers everywhere and lately we have dared to think years ahead to the complete, ultimate job of electrifying rural America. According to the 1940 census, 5,161,855 farm dwellings and 1,882,403 rural non-farm dwellings did not have central station service. Planning for future rural electrification concerns these 7,000,000 potential consumers.

Our normal activities have taken us part way in well-matured plans. Approximately \$90,000,000 of allotments have been made for projects that have not gone forward to construction because of the war. Approximately \$105,000,000 of loan applications are now in the shop in various stages of pre-allotment study.

We are now asked to develop a "shelf" of projects representing a maximum program of rural electrification ready to begin immediately upon termination of the war and ready to continue as rapidly as manufacturing and construction facilities permit. Such a planning program will involve a number of projects greatly in excess of the number normally under study at a given time. These studies and surveys must not be careless or superficial or hit-or-miss. We are concerned not only with a "shelf" of projects but a shelf of the right kind of projects. Work that normally would be spread over a period of years must be telescoped into a much shorter period. Estimates are now being completed for the cost of such a planning program for periods of six months, a year, and eighteen months.

None of us know how large a loan program Congress may provide. None of us know how rapidly construction can proceed during the few years immediately following the war. It is suggested, however, that we now undertake the early completion of a comprehensive, nationwide plan, accelerating many planning activities that normally would have been developed more gradually over a period of years. This means a more rapid survey of all unelectrified rural areas, studies to determine whether new projects should be additions to existing systems or undertaken by new borrowers, engineering studies of existing systems to determine their adequacy for expansion and the changes in design and capacity that may be necessary.

Future rural electrification will be increasingly a matter of relating

properly the new construction to existing facilities. We want to start right when the war is over and the first project may well involve matters requiring a long look ahead: a proper allocation of territory among adjacent cooperatives, a dependable long-range source of energy, adequate design and proper location of distribution systems with reference to future central cooperatives for generation and transmission. In short, we must have a reasonably well-developed pattern of the ultimate, completed job of rural electrification and make each specific, progressive decision conform to that pattern just as closely as we can.

We do not want the urgency of the period immediately following the war to stampede us into making mistakes because of decisions that are too hasty. May I illustrate my general thought with one specific problem. It is my opinion that many cooperatives have now reached their optimum size for effective accomplishment of certain objectives that are unique and important in this program. In fact, I think some are entirely too big already. Some of you may not agree with me but all of us will admit the existence of a problem in many cases as to whether to organize a new cooperative or expand an old one. It has been my experience the past few years that we get better results in several important matters from the average sized cooperative. One such matter is that of hard fights before public service commissions and in state legislatures. It is usually the small cooperative that has more cohesion of purpose and puts forth more devoted, hard-hitting work. For a further example, consider the matter of cream skimming which has ruined the picture of ultimate and complete electrification in many areas. This problem is not confined to utility companies; we are beginning to face it with many cooperatives. The directors of very large systems are apt to show decreasing interest in expansion into thin territory. In our loan policy immediately after the war it may be advisable to encourage the organization of many more new cooperatives, combining more profitable areas still unserved with the less profitable areas that may not get service otherwise. Farmers in the thin areas are much more likely to be included in a project when they are neighbors of the directors.

I am not attempting to answer these questions. I am merely indicating the existence of complicated and inter-related problems of engineering, economics and public relations which need to be decided even before an allotment is made.

This planning program within REA has been conformed to the over-all committees established by the Department. These Committees necessarily cut across REA Division lines but there will be no disturbance of functional lines in the actual conduct of our work. There is nothing new about a member of one Division attending a Cooperative meeting and representing all other Divisions so far as he can. All REA field men, for example are constantly engaged in the practice of law. In the same way, men from our various Divisions will represent REA in these U.S.D.A. Planning Committees with no disturbance of our established organization.

Mr. Secretary, for us in REA, a welcome by-product of this planning activity will be a better understanding of other problems of agriculture and a closer acquaintance with some of our co-workers in other Bureaus of the Department. I hope that every one of us will make the most of these opportunities. We are called crusaders and we are not ashamed of the reputation. We now have a new opportunity for reciprocity within the Department, helping others with their problems, as we seek their help in our program.

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THE DEPARTMENT'S NATIONAL-REGIONAL POST-WAR PLANNING ACTIVITIES
Raymond C. Smith, Chairman, Inter-Bureau Committee on Post-War Programs

The Department of Agriculture was one of the first departments of the Government to start activity along the line of planning post-war programs. At the request of the Secretary some work was started two years ago last May, in advance of Pearl Harbor. I would like to sketch briefly a bit of the field that has been covered to help us block out some of the things that remain to be done.

In the Department we started pretty slowly trying to think through just how to get this job done. The work had just gotten under way, making a nice start, and we had Pearl Harbor. For a time after Pearl Harbor it didn't seem patriotic to be thinking about post-war. We had to give 100 per cent of our energy in planning agricultural problems for war itself. I think that was right. We had that problem, it was an immediate problem, and we were justified in giving our full attention to it, but we have reached the point now that planning for the war is pretty well along. As the Secretary pointed out, we have increased agricultural production enormously, and we must now take more time to be getting ready for the post-war period. We had a conference last fall of chairmen of nine regional committees and a few of the people from Washington. Mr. Slattery attended part of that conference which was held here in St. Louis. We reviewed the program and lack of program to date and tried to bite off a few jobs to be done during the next ten months. We were looking ahead until June thirtieth, end of the fiscal year. We didn't give much thought at that time to having a balanced program of activities in getting ready for the post-war period, but just to getting under way with the understanding that sometime after June thirtieth we would take a new look at the whole post-war problem and work out some new approaches, if necessary, and at that time attempt to think of planning for the post-war period in terms of a balanced program and include all phases that should be considered.

So, as mentioned this morning, we had a conference two or three weeks ago in Milwaukee in which the current year's program was mapped out.

Just a few words on what was accomplished during the past year. We set ourselves to the task of accomplishing eight jobs. Four of those were preliminaries to planning post-war programs, and four of them were the

beginnings of planning itself. One of the preliminary jobs was to get together the information that it seemed would be useful in the planning job ahead. So each of the nine regions set at the task of getting together available information and getting it in usable form. Each region prepared an atlas of agricultural information which would be useful as a working tool and time saver in the planning job itself. That was a preliminary job that has been completed in the regions. I note that Mr. Salisbury has one of the atlases here on the table. I know REA prepared a lot of material for this atlas and all agencies in the Department participated in that job. Another preliminary job was to get ourselves a bench mark of what agriculture might be like at the time the war ended. In planning for the post-war period we know that we will not be entering the post-war period with agriculture as it was described in the 1940 census but as it will be when the war ends. The task was to estimate what agriculture would be like at that time. The nine regional committees have been working on that job, along with some of the people in Washington, and the nine regional reports are now being consolidated into a national report on this subject.

Another job was to develop another kind of bench mark--a bench mark of long-time desirable goals and objectives for agriculture. We sat around tables and discussed the future of agriculture. This statement was completed at the Milwaukee conference. I think you folks will be interested to know that the statement says that in the future every suitably located farm should be electrified. So, if you folks follow that you have the job ahead of you of seeing to it that every farm in the country has the benefit of rural electrification.

Another job was to look ahead into the post-war period and do one of two things, either estimate or forecast what conditions would be or develop some different sets of assumptions as to what the situation might be in which agriculture would find itself at the end of the war. The latter course was decided upon, and during the past year a general guide and general assumptions to use as a basis for planning have been developed. The first assumption was that the post-war period would be broken down arbitrarily into three sub-periods as a basis for planning. We might not actually have the periods, but they would be a working basis to go ahead.

The first period we call the Demobilization and Foreign Relief Period, a period for a year or two--or maybe a little longer--after the war ends, when we will be reconverting industry, readjusting agriculture to peacetime conditions, and producing the food, not only that we need in our own country, but that will be needed in reoccupied countries. Part of that assumption is that there will be a need for food at that time just as great, and probably greater than our need for food at the peak of the war itself.

The second we call the Post-War Prosperity Period, when we will be manufacturing and developing services to meet the accumulation of unfilled demand for durable and semi-durable consumers goods during the war when we haven't been able to make so many things for ourselves as we want.

The third period is the Post-War Period Proper, or the longer time post-war period.

Those were the four preliminary jobs, and we also started some actual planning work. We haven't gone very far with actual planning but have made a start in four fields or groups of activities. One has to do with the development and conservation of land, water, range, and forest resources; another has to do with what we called for time rural facilities; and the understanding was for the past year we would center our attention on just two phases of that: (1) rural electrification, and (2) rural housing. The third group we call rural services. There were quite a large number of them. Out of the possibilities we selected one-- the matter of rural health including medical care, hospitalization and sanitation, and a start has been made in that one phase of rural services.

A small start has also been made in the general field we call agricultural industrial relations. Now we have just taken a new look at the Milwaukee Conference which has already been mentioned. All of the agencies of the Department were represented at Milwaukee. I don't want to report on the Milwaukee program since someone else will do that, but I would like to sketch a few of the topics that it was felt at that conference should receive major attention during the next ten months, from now until June thirtieth, and also to indicate how it appeared we might go about getting the job done.

One thing that we are winding up out of last year's program was the estimate of agriculture at the end of the war. Everybody thought that that should be consolidated into a national report which will be available by October 1. The longtime desirable goals and objectives statement was completed at Milwaukee and is available now for use of those working on the program.

At Milwaukee we were making plans on how we would handle new activities. Adjusting agricultural production during the demobilization period is a heavy responsibility, and we must think that through as best we can.

As indicated this morning, rural electrification can play a major part in giving us the maximum production we will need at that time, so I am sure you will all see where you folks will fit into the activity of the planning production adjustments in the demobilization period. We will need your help with that activity.

Another activity we hope to get under way immediately and prosecute during the coming year as rapidly as possible is that of marketing and distribution for the demobilization period. We have perennial problems in marketing and distribution, we have had war problems, and we will, no doubt, have some peculiar problems of marketing and distribution during the demobilization period. I am sure you will all see where you will have a part in that, because rural electrification, not only from the standpoint of production, but from the standpoint of marketing, processing and storage facilities, can make a real contribution.

Another job we are hoping to work hard on this year is looking at the entire country, area by area. We can look at all the programs, say, production, marketing, rural electrification, housing, health, etc., as programs, but we can also take an overall sight and look at them altogether within an area. The development of area plans will be the biggest job which the regional committees will have this year--consideration of all these possible problems and possible solutions and seeing how they add up for a particular area.

Another job ahead of us that was described this morning is the job of getting a public works program planned to be put into effect during the demobilization period in case it becomes necessary for the government to take steps to supplement private industry in providing employment opportunities to a lot of people. I would like to look at the REA program as a program that can be re-started quickly during the demobilization period. Regardless of the situation as to employment we want to get farms electrified as rapidly as we can. We can go ahead and plan for rural electrification during that period even though there were no special need for the Government providing jobs. While, at the same time, we are doing that we could plan in the rural electrification field another approach, or a more rapid approach, so that in case the necessity for furnishing jobs through public works becomes a problem the Rural Electrification Administration would be in a position to telescope and accelerate its program and accomplish rural electrification in a shorter period than we would ordinarily consider. In case such rapid expansion is justified from the standpoint of furnishing job opportunities, we should be ready.

Then we also had in mind to give attention to military sites. About twenty million acres of land went into military sites during this war. Some of this land should go back into agriculture, and we should give some thought to planning for the disposition of that land and see that that part suitable for agriculture goes back in the right way.

Some attention should be given to the problem of taking care of returned soldiers and returned industrial workers. We should explore this field and find what opportunity agriculture can furnish to some of these men. It, no doubt, can provide some opportunities; on the other hand, I don't think agriculture is in position to withstand a large, unguided, unintelligent, back-to-the-land movement. We also should give attention to many other problems such as tenure, credit, social security for farm people, rural industries, and agricultural-industrial relations, which we can't take time to go into thoroughly this afternoon.

Now just a word as to how we plan to go about the whole planning job. At the beginning of the program two major decisions were made, one that it is a big job; therefore, we will need teamwork by all agencies in the Department, and all agencies are participating. Another decision was that it was such a big job that it couldn't be done well if we attempted to do all of it in Washington, so the program is decentralized. We have the Interbureau Committee in Washington, and we have nine regional committees on which all agencies in the field are represented. These regional

committees provide the opportunity for each agency who will be doing a share of the job to get together and cooperate with other agencies of the department, to compare notes, survey needs together, to avoid any gaps appearing by one agency assuming the other is doing it, and that agency assuming the first is doing it--to keep ourselves together and have a well balanced program.

The people on these committees, as a rule, both in Washington and in the field, are regional directors, regional heads, and people of that kind. They get together and give general guidance to the program, but we do not expect committees, as such, to accomplish a great deal of the actual spade work. The regional committees will organize working groups, or task forces, or working teams, in which we work together to get the job done. But just the committee and working teams by themselves are not enough, so it is assumed that various responsibilities for the various parts will get divided up among agencies, and each agency will assume a special responsibility for certain parts as we look to the REA to assume responsibility on rural electrification with the help of other agencies through the working groups. You know, of course, that you will have to carry the main burden on rural electrification, but there are a lot of other activities to which REA can also make a very valuable contribution. Certainly, in the agricultural-industrial relations field and rural industries field some of your industrial engineers, economists, and others, can make a very valuable contribution. I think within the Department we have enough types of people in the different agencies and when we pool all of them it gives us a versatile staff. If REA can take the leadership in some fields with the assistance of other agencies; other agencies take the leadership in other fields with the assistance of REA, I think we can accomplish a great deal during the next twelve months.

We are looking forward to collaborating with the state extension services and Experiment Stations as we build our working groups on a regional and State level. The Land Grant College people have indicated a willingness and an interest to collaborate with us, so we will be able to draw on them for some help and all work together in that way.

I think my time is up, and in closing I want to make just one observation. Mr. Nicholson this morning pointed out some of your hopes and aspirations in this planning job. As I listened I was reminded of the old story of the man who felt he should say his prayers every night but was burdened by the time it took so he had all his prayers written out and put them on the head of the bed with thumb tacks. When he crawled into bed he would point to the head of the bed and say, "them's my sentiments, Lord!" I feel about the same about what Mr. Nicholson said this morning in his very fine talk on planning the future rural electrification program, "them's my sentiments!" I think that the REA activities can be swung into action very rapidly at the conclusion of the war. I know that you folks sense the responsibility and opportunity there and I believe firmly from that speech this morning that the REA is already right on the beam. I know REA, with whatever help the rest of the Department can give it, is going to carry its end of the load, not with just passive inter-

est, but a lot of enthusiasm. Mr. Secretary, that is one thing I think we can say about this group--not just interest, but enthusiasm. I wish you every success in planning for the electrification of rural America.

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REA'S NATIONAL-REGIONAL POST-WAR ACTIVITIES

James Salisbury, Jr., Executive Secretary, REA Post-War Planning Committee

Two specific objectives, as Secretary Wickard has indicated, are before us in the planning for REA's program of rural electrification after the war. The first is extending lines to farms and rural homes not now receiving the benefits of electricity. When we consider the fact that after eight years of REA there remain without central station electric service more than seven million rural homes and an undetermined number of rural establishments--such as schools, churches, country stores, filling stations--the size of this first objective is challenging. The second objective is encouragement of wider use of electricity.

The Department's statement of agricultural policies after the war, developed at the recent Milwaukee Conference, recognized both objectives in the following diction: "Every suitably located rural family should have the benefits of electric power at reasonable rates and should be encouraged to make maximum use of the service for labor saving and better family living."

The scope of a program of rural electrification as envisaged at the Milwaukee conference included: (1) To extend rural power distribution lines to reach both farm and non-farm homes, and rural communities not now receiving central station service; (2) To promote increased use of electric power on farms now receiving service through development of labor-saving electrical farm equipment, greater use of present electrical equipment; and (3) To promote increased use of appliances and electrical household equipment in rural homes and encourage development of new appliances designed to eliminate household drudgery.

Recognition of the important role of post-war rural electrification activities is not confined to the Department and other Federal or state agencies. Private utilities have also seen this need, perhaps from a slightly different view, and have acknowledged that it can best be filled by REA. To quote from "Post-War Planning and the Electric Industry" appearing in a recent issue of Edison Electric Institute Bulletin, "It is a legitimate function of government to assist in the building of rural electric lines in territories too thin to be served as a business enterprise. In public interest, electric companies should cooperate by selling electric energy to rural electric cooperatives at wholesale rates that are reasonable and competitive with other forms of power."

It should be remembered that the Rural Electrification Act of 1936 is a directive from Congress for REA to make loans in the several states and

territories of the United States for rural electrification and to bring electric power to persons in rural areas who are not receiving central station service. Through the some 800 REA cooperatives and public bodies of this nation, local groups are taking advantage of this basic federal legislation which makes possible rural electrification and which will make possible continued extension of rural lines to those millions unserved farms and rural homes still to be electrified.

As a result of the President's request of May 22, 1943, and the Milwaukee Post-War Conference, REA's planning for post-war rural electrification takes on added significance. This REA staff conference in which the Secretary takes time from his many other pressing activities in order that we may have his counsel and guidance, is the first step in emphasizing that significance. Our Administrator, realizing the real importance of getting ready now for the post-war period, issued a memorandum on November 5, 1942, organizing the REA Post-War Planning Committee. As Mr. Neal indicated this morning, that memorandum stated that the Post-War Planning Committee was responsible for the coordination and integration of all REA post-war activities in order that planning for a post-war program might be accelerated. The duties of the REA Post-War Planning Committee have been broadened recently to provide for additional functions and the necessary sub-committees concerned with technical phases and field activities as may be needed to develop such a program. The REA Post-War Planning Committee will conduct its activities through the regular staff members of this organization within existing divisional functions. The plan is graphically presented in Figure 1 which indicates that there has been established the following sub-committees: (1) Field Activities; (2) Rural Facilities and Services; (3) Agricultural-Industrial Relations and Rural Industries; (4) Farm and Home Equipment; and (5) Agricultural Technological Development.

The REA Post-War Planning Committee includes the Administrator; the Deputy Administrators; Robert T. Beall; John W. Asher, Jr., Washington Liaison Member; Arthur W. Gerth; L. P. Slattery; J. P. Schaenzer, George Long, Walter Bigelow; Dr. Harlow S. Person, Consultant. This Committee, acting in an advisory capacity to the Administrator, is responsible for the plans for a post-war program looking toward participation in extended and intensified REA activities.

I shall indicate in general way the functions of the sub-committees and later during this conference the chairmen of these committees will outline briefly the work their sub-committees are doing. It should be brought out at this point that the sub-committees are counterparts of similar sub-committees of the Department, with this distinction, the REA sub-committees are viewing their specific subject matter as related directly to rural electrification. REA cooperatives are actually preparing the post-war rural electrification program to be undertaken in various localities when the war ends and materials again become available. Through the work of the sub-committees, the REA Post-War Planning Committee will be in a position to answer the question what size rural electrification program will we plan for, and the answer will, of course, come

from the combining of the plans prepared by the local cooperatives themselves.

Sub-committees will serve in a consulting capacity to the REA Post-War Planning Committee and will be available for work on problems raised by the REA Representatives on the U. S. Department of Agriculture's Regional Committees. In the order as listed above the sub-committees are:

1. Field Activities Sub-Committee: Will prepare suggested programs on post-war rural electrification and through representatives engaged in field activities the cooperatives may secure technical and professional advisory assistance needed locally in the preparation of the cooperatives' post-war plans. This sub-committee is composed of Arthur W. Gerth, Chairman, and W. B. Nivison, Harold F. Clark, Richard A. Dell, George E. Dillon, J. J. Ausen, George A. Lewis, Elbert E. Karns, William P. Nixon, Leslie C. Roenigk.
2. Sub-committee on Rural Facilities and Services: Will concern itself with the study of farm wiring and farm plumbing problems, group purchases involving material and supplies needed by REA-financed systems, the systems' needs for office buildings and facilities, and other questions raised by cooperatives concerning community facilities as related to rural electrification. This sub-committee is composed of George Long, Chairman, Udo Rall, F. Allen Vardy, James R. Cobb, Lee M. Moore, Louisan Mamer, and Carlton F. Blickley.
3. Agricultural-Industrial Relations and Rural Industries Sub-Committee: Will, from requests of cooperatives, prepare suggested post-war programs on new rural industries in areas served by REA-financed cooperative systems. It will make studies of proposals and methods of converting war industries' plants to agricultural machinery or equipment or other articles adapted to agricultural consumption. This sub-committee is composed of Walter Bigelow, Chairman, H. W. Dunham, David Fleming, D. A. Wicker, Benton MacKaye, and John C. Leavitt.
4. Sub-Committee on Farm and Home Equipment: Will furnish technical and professional assistance in the preparation of programs related to farm and home equipment designed to encourage maximum use of electric service for labor saving and better family living. It will be concerned with all types of electric farm and home equipment, as well as the development of new types. This sub-committee is composed of J. P. Schaenzer, Chairman, Daniel W. Teare, Clarence J. Hunter, Victoria Harris, and B. B. Winsett.
5. Sub-Committee on Agricultural Technological Development: Will be concerned with many questions raised by REA borrowers involving engineering technological phases of rural electrification, such as, cost estimates, rural line construction, rural telephone systems adapted to power lines, etc. This sub-committee is composed of L. P. Slattery, Chairman, Alfred C. Fox, D. H. MacKay, Jos. H. McCombs, John M. Duncan, and M. H. Arndt.

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REPORT OF U.S.D.A. MILWAUKEE CONFERENCE, FIRST SECTION

John W. Ashor, Jr.

Prior to the Milwaukee meeting, post-war planning in the Department (and REA was no exception) had been composed largely of meetings, academic discussions, and preparation of some basic data and reports, such as an Atlas prepared by Regional Committees. There were some exceptions--REA and other bureaus had appointed representatives on U. S. D. A. Regional Committees, some reports had been submitted, and a lot of fine things had been said. REA had received a few unelectrified farm surveys. But if you wanted to put your finger on practical accomplishments, it was hard to do. However, the Washington Inter-Bureau Committee, headed by Mr. Raymond C. Smith who spoke to us a few minutes ago, decided we had reached the point where a determination must be made as to how much we want to do, how we are to do it and who is going to do it. It was the opinion of the Committee that a joint conference should be held of the Washington Committee and Chairmen of the Regional Committees, with the Secretary of Agriculture and Bureau Chiefs, so that when determination of work to be done had been made, commitments could also be made by those to do the work. It was recommended that the meeting be held outside of Washington, so that the Secretary, members of the Washington Committee and Bureau Chiefs would not be called away from the meeting. It was also recommended that the meeting be broken up into working committees on various subject matters, who would actually plan the work to be done and recommend the proper people to do the job, rather than have a session of testimonial speeches by Bureau representatives. The working committees would report their recommendations to general sessions of the conference for discussion and consideration for approval. The committee's turned out to be just that--day and night.

The conference started off with a general session conducted by Dr. Tolley, Chief, Bureau of Agriculture Economics. His assistant, Mr. Ray Smith, acted as secretary. After general remarks, Dr. Tolley introduced Secretary Wickard, who gave the keynote address for the conference, calling for a sound post-war program, based on national welfare. The Secretary pointed out the purpose of the conference, as recommended by the Washington committee--a working conference. The conference was told that if the war ended today, we would be as ill-prepared for peace as we were for war when the Japs hit us below the belt at Pearl Harbor. The Secretary advised that there was a tendency to get on with the war and worry about the peace when the war is over. The Secretary said he is not one of those who believe the end of the war is in sight but we are entering a new stage of the war.

Since the extent of this war is so great, we must be prepared for a lot of contingencies. Demand for farm products will be greater than we can now forecast. The United Nations Conference at Hot Springs, Virginia, resolved that the nutritional needs of all people in the world will be taken care of so long as resources are available.

The Secretary pointed out that the social benefits to farmers had to be delayed because of the war, and he likes to think of how much better the position of this country would be in the war, if Rural Electrification could have been extended further. It is significant that the Secretary spent a few minutes on this point, indicating the manpower saved by use of electricity and the drudgery eliminated in times like these. Also he pressed the hope of making electricity available to all farmers after material is available. Those of us representing REA at the conference felt good about the attention given to our program and it made our jobs easier on the working committees. The Secretary talked of the necessity in providing for returning soldiers and war workers. He expressed the hope that Agriculture would take the lead in planning for post-war problems. In closing he asked the delegates to think about the problems of this conference in the same terms of doing as much in winning the peace as our boys on the front are doing to win the war.

The remainder of the afternoon was spent in handing out material which had been prepared prior to the conference by the staff of BAE for use of working committees.

Mr. Salisbury and I realized that it was important for REA to be represented on more than the two committees that we were appointed to and that it was impossible for us to do so, and do a good job on any of them. Mr. Salisbury got in touch with St. Louis and Messrs. Roenigk and Nivison were requested to leave St. Louis that evening to assist us in covering the committees.

On the second day, the conference continued in full session at 9:30 a.m. Mr. Ray Smith reviewed the determinations of the Organization and Policy Committee meeting the night before. It was agreed that the conference would be broken up into working committees as suggested the day before, and further, the working committees should plan on the working force to carry out the functions recommended by the committees.

Most of the last three days of the conference were spent in general sessions, discussing and considering working committee reports. Members of the conference participated actively in the discussions and I believe the committee reports as accepted by the conference represent good foundation for future planning and activity by the Washington and Regional Committees and the Bureaus of the Department. Mr. Nivison and Mr. Roenigk will discuss the Committees' activities in detail following my remarks.

At the last morning session of the conference, a report was made by Bob Walker of Budget and Finance as to manpower requirements for the working forces on different subjects. The REA was asked to furnish 108 man hours on area planning, and 120 man hours on agricultural-industrial relations and rural industries.

In my opinion, one of the most significant points that developed during the conference was in the first general session. The conference had started out talking about Department and Bureau planning. Dr. Bonnie

Youngblood of BAE reminded the conference that we must consider the states, communities and the individual farmers in making post-war plans. "We must not work from Heaven down," said Dr. Youngblood emotionally, "but from the people on the farms and in the communities upward." Dr. Ramsower, Extension Director for Ohio, in additional remarks on this point advised "there must be consulting with the states and modifying of the program in light of those consultations."

As a result of a discussion on this subject, the conference invited the Deans of Agriculture from Iowa State University, Wyoming University, Cornell and Wisconsin Universities, who participated actively in the conference and helped prepare three reports for committee VIII, from which I would like to read pertinent statements:

Report on Education, Information, and Special Services for Farmers and Other Groups Participating in Developing Post-War Programs: (by the Sub-Committee of Conference Committee No. VIII.)

"... it is evident that numerous special tasks and services will need to be performed....It is recommended, therefore, that the following three tasks be undertaken immediately:

- "1. Arrange for a comprehensive education and information service on post-war programs to handle:
 - (a) The preparation and distribution of a series of discussion-provoking circulars and documents for use by farmers and other groups.
 - (b) The development of a well-prepared, timely series of press releases, magazine articles, radio programs, etc., relating to post-war problems, issues, and programs.
 - (c) Furnish assistance to discussion groups and others in preparation for meetings, in securing technicians and farm leaders who can present information on post-war problems, and in other ways.
 - (d) Assist established educational institutions and organizations in the development of educational activities on post-war programs.
- "2. Arrange for and participate in periodic appraisals of public attitudes and points of view with respect to specific post-war problems, policies, and proposed programs.
- "3. Organize and maintain a "clearing house" service for receiving, recording, and processing (a) requests for data and information; and (b) the various proposals and plans that originate through the independent initiative and activities of organizations and citizen groups and that are referred to agriculture for consid-

eration."

From the:

Report on State Committees; by Conference Committee No. VIII:

"...While the Department does not intend to organize State committees for the development of post-war programs, it believes that such committees are highly desirable, and it urges the Land Grant Colleges to take the lead in organizing them in States where they are not already organized..... Among their activities these committees might well include:

- "(1) Development of post-war agricultural programs for the State.
- (2) Appraisal of possible national and international policies and programs, and determination of their effects on the agriculture of the State.
- (3) Arrangements for presenting information concerning anticipated post-war agricultural problems to farm people and others, to stimulate thought and discussion about possible solutions.

"... The Department will give serious consideration to any post-war plans and programs having regional or national significance developed by such committees."

From the:

Report on Cooperation between Workers in the Colleges and the Department;
by Conference Committee No. VIII:

"The making of effective plans for American agriculture will require the closest cooperation and team work between technicians on both the federal and state levels..... The Department invites each College which has not already done so to designate a representative of the Extension Service and of the Experiment Station to serve as members of the appropriate regional committee on post-war programs."

"The Department is placing increasing emphasis on work on post-war problems, and it believes that the Land Grant Colleges should do likewise. The Department further believes that to achieve the best results at the lowest cost there should be active cooperation between College and Department workers on problems of mutual interest."

"As a first step, it is suggested that Director H. C. Ramsower of the Committee on Extension Organization and Policy, and Director R. E. Buchanan of the Experiment Station Committee on Organization and Policy advise all State Directors of Extension Services and Experiment Stations of the conclusions of the conference regarding cooperation between the colleges and the Department in work on post-war problems of agriculture."

I believe we in REA realize the need for working with the folks out in the States and communities more than some other bureaus. We must encourage and depend on the project people to do a great deal of the work in our post-war planning if we are to be in position to go ahead when the war ends.

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REPORT OF U.S.D.A. MILWAUKEE CONFERENCE, SECOND SECTION
W. B. Nivison

Ray Smith, chairman of U.S.D.A.'s Interbureau Coordinating Committee, opened committee sessions at the Milwaukee Conference with the reminder that none of the committees was expected to draft a finished post-war plan. He said that the purpose was to develop a plan or guide to be used by regional or state post-war planning committees in working out specific programs. With these instructions, the various committees went to work.

COMMITTEE 1. The assignment of this committee was to provide an outline of the long-time objectives for agriculture after the war, as a guide for Interbureau, Regional, and State Post-War Planning Committees.

Chairman Smith presented a general statement for discussion by the various committees. Although this report was well prepared, the chairman admitted that it did not fully cover the views and policies of every bureau.

The committee went over this 22-page document word by word and each man recommended necessary changes to make the final report a representative statement. Several changes were made to fit REA conditions and policies as primarily a lending agency. For example, the original outline stated, "Every farm that should remain a farm should have access to electricity at a low cost." It was pointed out that this did not reflect the situation regarding an application for funds by a local electric cooperative to bring electric service to the farmers who make application in much the same manner as the city man applies to his local utility for electric service. The above statement also gave no consideration to the very large rural non-farm population, such as the man living in the country and working in the city or on the neighboring farm. The paragraph was ultimately changed to read: "Every suitably located rural family should have electric service at reasonable rates and should be encouraged to make a maximum use of service for labor saving and better family living--housing, sanitation, and water supply are as bad in some rural areas as in urban slums. To the extent that the public assumes responsibility in these fields of activity, rural people and their needs should be given full consideration."

Second, several representatives of the committee wanted to include a strong statement on land zoning in the report. Such a statement would preclude construction of electric lines in many areas. It was pointed out that in many cases a change in the type of farming has changed land

from what some people called submarginal--what I would call misused-- to good land from the standpoint of returning an income which provided a satisfactory family living. An example is the new potato industry developed in Steuben County New York on land previously zoned under the Cornell system of land classification as submarginal. In many other cases the people would not move out for 15 or 20 years even though the area may be zoned as submarginal. There is no reason why these people should be denied electric service during that time, as they are paying for the lines through their payments for electric service. If any applicant shows that the loan repayments plus the salvage value of the property in 15, 10 or 5 years will amortize the debt there is no reason why that person shouldn't have electric service. The final report of the committee on this subject read: "There have been certain federal and state programs designed to move people from submarginal land. Several states have inaugurated zoning procedures to prevent resettlement of such areas. Changes in land use have tended to remove the submarginal characteristics of the farming enterprise in some localities. Activities of these kinds should be carried out to insure the use of all land according to its physical capabilities and economic adaptability".

To make the final report more descriptive of REA Policies, the following two statements were included: "Farmers and consumers cooperative organizations have contributed to the attainment of greater efficiency in processing, buying and selling and should play an increasingly important role in postwar marketing arrangements, " - - - -and - - - -" wherever possible the use of tractors, electric motors and other labor saving devices should be encouraged to permit farm families to have leisure time for the enjoyment of modern educational facilities".

COMMITTEE VI - Committee Six took up several subjects only one of which was of direct interest to REA. That was Disposition of Land Now Used by the Army. On this matter the Department is forced to work very closely with the Army, as the Army is not planning to sell the land but is planning to lease the property under supervision of a manager. After a year or two of experience with the tenants the Army then plans to sell the land. We recommend that the development of any land for agricultural use include consideration of rural facilities especially rural electrification as it would tend to secure a higher type tenant and purchaser and enhance the value of the land when sold.

COMMITTEE IV - The purpose of Committee Four was to discuss an overall plan for development of natural resources and public works, such as rural electrification. The original thought of the committee appeared to be that all development of natural resources should be integrated and coordinated by the Interbureau Coordinating Committee and the Regional Postwar Planning Committees. A representative of the REA immediately pointed out that rural electrification came from the people, under the Act setting up REA. As a result the REA has no authority to tell any person in a rural area who presents an application for electric service, that he cannot have service, because the Area Plan may not call for farming or power lines in his community.

This viewpoint was the basis for much discussion but the final decision was that Public Works such as REA construction could not be centrally planned but will be developed from the ground up, since our Cooperatives or Projects, after all things are analyzed, do make their plans and merely present them to REA in the form of an application for the funds to construct the lines.

Although certainly not intentional the report which would have been prepared by this committee, had REA not been represented, might have omitted several statements which will be most helpful to our program and might have included statements which would have prevented full development of rural electrification.

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REPORT OF U.S.D.A. MILWAUKEE CONFERENCE, THIRD SECTION
Leslie C. Roenigk

I was assigned to Committee Two, whose job was to review and rewrite "A preliminary estimate of what agriculture is likely to be at the end of the crop season, '44". This is a rather voluminous report prepared as a guide. There wasn't anything particularly wrong as far as the REA point of view, except that REA or rural electrification was not mentioned. I am not saying that critically of Dr. Elliott, but he had outlined the probable conditions of agriculture in general, the condition of the land at the end of the crop season, which would be primarily the same as it is now, the need for conservation, fertilization, etc., the need for farm equipment, as it is deteriorating, and not being replaced at the present time. So I called the attention of the Committee to the fact that inasmuch as approximately forty percent of the farms were electrified at this time and demand was even greater than it was in previous years, that should be mentioned. It was unanimously agreed we should add to this report "Rural Facilities", and it was the job of REA to write that portion of the report dealing with rural electrification. Incidentally, that report has been made and is in the hands of the Interbureau Committee now and will be included in the national report. Let me read two paragraphs of the report as it was submitted to the Interbureau Committee:

"Under Order U-1-c, it is estimated 473,672 farms located in areas served by REA cooperatives are qualified for electric service. Actually less than this number can be served in light of the material situation. For the United States, it is estimated that approximately 80,000 qualified farms will be connected to rural cooperative lines during the coming year if materials do not become more restricted. These are the farms which require the least quantities of critical materials. As indicated previously, farm connections will be limited this year and presumably through next year.

"For the United States 2,486,230 farms received central station service as of December 31, 1942. According to the 1940 Census, 5,161,855 rural farm dwellings, i.e., dwellings in which one household or family resides, were without central station service. There were 1,882,403 rural nonfarm dwellings without rural electric service. Under present REA standards of feasibility and considering the loan repayment experience of REA with respect to its borrowers it would be possible to bring central station service to a large proportion of these rural homes. They represent to a large degree the less densely settled rural areas. It has been recognized that service to such areas is a "legitimate function" of government finance and rural electric cooperatives as established by the Rural Electrification Act of 1936".

You know our program ahead is to electrify the remaining sixty percent of the farms and also develop greater utilization of electric energy for farm tasks. I have been asked to report very briefly on two other Committees, and I am going to read two paragraphs which summarize Committee "Five" and also just mention Committee "Eight". Committee "Five" is this: "Agricultural-industrial relations" and "Rural industries". Let me read a summary here of Agricultural industrial relations:

"Agricultural-industrial relations

The work in this field is concerned with the relationships between the welfare of the farmers and the general welfare of industrial activity, both in this country and abroad; that is, with those factors that influence the levels of demand for farm products rather than the adjustment of farmers to that demand. The main objectives should be to help farmers understand the extent to which their prosperity is dependent on high levels of activity and prosperity among the city consumers of their products, both in international markets and in domestic markets as a whole; and to understand the steps that may be necessary to maintain high levels of industrial prosperity so that they will be able to choose wisely when it comes to deciding on public policies which influence the levels of employment, industrial activity, and international trade".

As far as forming those policies of opinion, I think that data is to be worked up by the BAE, and REA will come into that field in spreading the information to the farmers in regard to agricultural and industrial relations.

Now, "Rural industries":

"Rural industries

"The general pattern for war production provides for war plants employing 4000 to 10,000 men and women and located in relatively few countries. At the close of the war there will be millions of workers who will adjust their employment, involving relocation in a large number of cases. Many will return to the area from which they came. If there is no plan to expand the industries in the areas of underemployment these workers will move into farming and further complicate the farm problem by increasing the farm population."

"There is an opportunity to increase the manufacturing of goods fabricated from local raw material. There is an opportunity to establish plants processing agricultural products at the source. If effective work was done in stimulating local areas to plan now for these local industries, many of the returning soldiers and present war workers would enter these small industries instead of settling down on small and marginal farms. This job is to examine the various areas and tentatively select four or five specific areas for definite planning. The final planning must come from the local people. Federal and State cooperation can be limited to technical assistance".

There may be a particularly large field in rural industries for rural electrification, we don't know how large, but there is a possibility that industries may tend toward decentralization in post-war work. If they do, it will, naturally, be the job of REA to see that power is to be extended to these rural industries.

The third and last Committee I was supposed to be on, but didn't get to attend, was "Social Security", and I don't know whether it would be of any particular interest to REA as an organization. I don't know just what we could contribute to social security. Here's what the committee had in mind:

"Social Security:

"For six years a majority of wage and salary earners have had the benefit, on an insurance basis, of security in old age and against premature death. Farm laborers and employers and the self-employed both in agriculture and business are still unprotected by these features of the Social Security laws. A majority of workers also are similarly insured against unemployment, although again agriculture is left out. Many farm people have raised the question of why they should be left out of all of these kinds of benefits."

"The whole question of social security for agriculture, both among hired workers and self-employed farmers, should be explored to see whether or not and how they can receive these protections."

FIELD ACTIVITIES SUB-COMMITTEE
Arthur W. Gerth

Recently a distinguished British economist said to his New York friend:
"I don't care what you do in America after the war--high tariffs or no tariffs, much international trade or little--so long as you do one thing".

"What is that?" his friend asked.

"Keep prosperous. If you slide into depression, not only will you go down, but you will drag the whole world with you".

Individually we may not all agree with the British economist's viewpoint, but I'm certain that by now each of us is down to earth to a point where we consider it practical and feasible to make plans ahead.

The specific goals which we have set for our worksholf of post-war projects call for a backlog of loan applications amounting to 320 million dollars after the first twelve months of the planning program and for a backlog of over 465 million dollars as a result of eighteen months of the planning program. We are setting our sights pretty high at that, because our goal is approximately three times our record of accomplishment in fiscal '39. However, with complete cooperation among the Divisions of REA and between REA and the Cooperatives, those goals can and should be met.

On the shoulders of the REA representatives to the state planning committees will rest largely the responsibility for creating understanding and goodwill towards the post-war rural electrification program, and for securing the cooperation and assistance of the state planning committees in clearing away any and all obstacles and problems which may arise. It is extremely important that the state representatives keep the regional representatives completely advised as to their activities and as to all matters affecting the future of the rural electrification program in the various states.

The problems confronting the rural electrification program may vary from state to state, and the state representatives should familiarize themselves with these problems so that they can enlist the support and endorsement of the state planning committees for steps leading towards the solution of these problems. For instance, there may be problems of commission jurisdiction, restrictive legislation and burdensome taxes which are likely to retard the rural electrification program. For the field activities committee special efforts should be made to get the facts for the state planning committees. Any recommendations for creative action which receive the endorsement of the state planning committees could conceivably go a long way towards alleviating the difficulties.

In the actual carrying out of surveys, state schools, state and county engineering and highway departments, and state commissions can be extremely helpful in making available personnel and facilities. Many states have departments of industrial relations which are vitally interested in

the problem of industrial decentralization and in this connection, even the towns' and cities' Chamber of Commerce are not to be overlooked.

Now, that's the picture on post-war avenues for securing assistance in carrying our program forward. We also need to know how the plans and programs of other agencies are likely to effect the rural electrification program. For instance, other agencies of the department are concerned with retirement of marginal lands, opening new areas to irrigation, providing flood control and soil conservation measures, encouraging diversification of farming and other activities which are likely to determine whether lines should or should not be built, or activities which are dependent upon the availability of electric power. We want to know about those plans. We shall offer our assistance and cooperation whenever and wherever possible.

Here is another important consideration in the line of field activities. County and state war boards are composed of community leaders who will either be members or will be active in affairs of the state planning committees. Many of the REA representatives to the war boards have done an excellent job in bringing REA problems to the attention of the boards and insuring the assistance of the boards in overcoming difficulties. It is important that they always make every effort to keep REA in the good graces of the county and state war boards in order that the community good will and cooperation which has been built up shall be continued.

We, as the Field Activities Committee, know that we have a tremendous task before us, but we are confident that it can be accomplished; however, we feel that it will be necessary to have an additional field and office staff working with this committee, if detailed plans are to be carried out to the point the President has requested, and that is, ready for immediate construction following the close of the war. With this thought in mind we have put in a request for additional field people, so that we will have at least one representative in every State devoting full time to post-war work and with sufficient office personnel to back up the work generated by the field representatives.

In addition to the administrative staff, we are suggesting that consideration be given to legislation to liberalize the Rural Electrification Act to the extent that we can advance preallotment expenses to our borrowers to conduct preallotment surveys to achieve area coverage. If this is done we feel sure that the Cooperatives and Power Districts will take hold of this post-war planning enthusiastically, as it will be an opportunity for them to plan the ultimate development of their systems.

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RURAL FACILITIES AND SERVICES SUB-COMMITTEE

George J. Long

Before going into any of the specific objectives planned by the sub-committee on Rural Facilities and Services, I feel that it is appropriate to mention a word regarding the committee itself and the broader aspects of its functions.

As chairman of this committee and also as a member of the REA Post-war Planning Committee, I feel it is possible and essential to maintain very close coordination or dove-tailing with the problems between the other sub-committees established and the field activities. The duties and functions of this committee, as we understand them, are two-fold -- one to serve in a consulting capacity to the REA committee on post-war planning and also to the REA representatives on U.S.D.A. Regional Committees and the staff members designated to serve on the state committees.

At present this committee is actively engaged in planning for the future on group purchase of construction material, on office buildings for REA cooperatives, wiring of farmsteads and other rural establishments, plumbing and plumbing facilities, improvement of community facilities and services.

The magnitude of the possibilities in these few categories are enormous-- both from the tangible results and intangible public benefits.

In the matter of Rural Community Improvement, there are still more than 100,000 rural schools without electricity which is needed not only for light, but for a water system, radio, movie projector, equipment for school lunches, for science, home economics, shop classes, etc.

Thousands of churches need lighting and other facilities which electricity makes possible. A great need exists for community centers with up-to-date facilities for recreation, food processing centers, community laundries, rural hospitals and clinics, recreational facilities and community workshops. Too many of our rural communities are still functioning on a nineteenth century basis in a twentieth century civilization.

There are yet more than 7,000,000 farmsteads and other rural establishments which do not have electricity. As soon as lines are built within reach of these, each one will need to be properly and adequately wired to insure full measure of service to perform the multitude of tasks electric energy will perform, such as lighting, radio, washing, ironing, cleaning, churning, pumping water, elevating grain and hay, grinding feed, chicken and pig brooders, dehydrators, milking, filling silos, cooking, refrigeration, operating furnaces, etc.

With respect to plumbing: Of the approximately 2,000,000 rural homes already electrified, less than 15 percent have hot and cold running water and a much smaller, percent have complete bathroom and indoor toilet facilities, and of the millions not yet serviced, the number obviously is virtually zero.

The possibilities of the Rural Electrification Program are enormous, and it requires but little imagination to realize its proportions and the power with which it will drive forward as soon as the war ends and when raw material becomes plentiful. We must prepare for the impact. Already questions have come up concerning the REA's activities in post-war development as related to the above. Many more questions and problems will arise which of necessity will have to be answered and solved.

While it is realized that many of these problems and questions will come primarily from our cooperatives, it is entirely possible that many of the U.S.D.A. regional committees will have similar types of problems which will give rise to specific questions on wiring, plumbing activities and group purchase activities as they are known in REA and authorized under Section 5 of the REA Act of 1936.

Members of such committees will want to know the cost of house wiring or how such house wiring cost may be lowered. The same is true for plumbing. If such questions arise among any of the sub-committees, regional committees or other agencies, this sub-committee is available and will supply qualified answers.

Most of the cooperatives will anticipate the construction of an office building after the war. While obviously we are interested solely in the construction of an office building including warehousing, garage, etc., to serve the needs of the local REA cooperative, questions will arise in the regional U.S.D.A. committees on coordination of office building construction with that of the County Agricultural buildings and it may prove desirable to take into consideration possible mutual benefits while they are being planned. A subject matter of this nature, of course, calls for careful study and planning.

In submitting this review, because of the limited time, it obviously is impossible to more than give the high points. We have a big job ahead and as a first step in getting our work under way, we have through the REA Post-war Planning Committee prepared immediate objectives, and we are now in the process of laying down plans for meeting these objectives as I have illustrated above, as soon as the war is over, so that the folks in the rural areas may come into their own and enjoy all the rich blessings made possible by virtue of the Rural Electrification Act of 1936.

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SUB-COMMITTEE ON AGRICULTURAL-INDUSTRIAL RELATIONS
AND RURAL INDUSTRIES

Walter B. Bigelow

This committee has been established for the primary purpose of providing a means of receiving, analyzing and making related technical studies for both the REA Post-War Planning Committee and the REA Representatives and their regional committees on problems or questions dealing directly with agricultural-industrial relations and rural industries. Naturally the committee's primary concern will be the relationship of these problems or suggestions to the field of rural electrification; however, it will wish to review all possibilities with the thought that such relationships might be developed even though not apparent at first.

We believe that the development of rural industry is one of the natural results of rural electrification and that no area will be enjoying the fullest benefit of modern farming without the existence of such industries as might be related to community activities. In fact, it seems to be very logical to believe that the existence of rural industries will greatly increase the use of electricity on rural distribution systems, thereby tending to improve community prosperity. Where there is electricity at reasonable cost, the small industries which are related to farm needs can thrive and in so doing the people in the surrounding area will prosper. It becomes evident that such rural industries will thus contribute to the development and betterment of farm life on the very farms which are responsible for the existence of the industry. Very little imagination is required to visualize the expansion of rural lines into unserved communities because of the existence or creation of requirements for electricity in industry.

Statistics prove that rural industry is greatly in need of electricity. To give an example, I quote from an article by the National Resources Planning Board:

"At the close of 1940 there were, on REA lines, 5,365 industrial and commercial consumers, requiring transformers of 5 KVA or more, an increase of 53% over 1939. Their total connected transformer capacity increased 86% in the same period."

Thus it is seen that the need for electricity for rural industry has already been proven. As further evidence of this I offer you the following information taken from the files of our own Industrial Power Section:

"REA projects now serve more than 500 different kinds of rural industrial or commercial loads. Before the war an average of approximately 4,000 KW were added in power load each month to REA lines."

After consideration of these thoughts and this information we can readily visualize what an important role rural industries have to play in the REA program as well as on the future farm program. Conversely we can see that development of rural industry will be largely dependent upon the availability of electric power. We must, without fail, exert every effort to see that nothing is overlooked to develop as fully as possible our post-war rural industries. Therefore, I wish to emphasize the fact that the Committee has been set up to deal with incoming questions relative to problems in the field and that many of the problems will be such that they involve other committees in the Department of Agriculture. It is through the work of the various committees that possibilities of greater development will be thoroughly analyzed.

We can now visualize certain questions that will arise in connection with the program of post-war planning, such as:

- (a) What types of new rural industries can be safely planned for a given area?
- (b) How much power is available, and where?
- (c) How can available power be best utilized?
- (d) How can power be distributed to the various sections?
- (e) How can the REA borrower best supply additional power for industry, without assuming too great an investment?
- (f) What are the possibilities of increased generation of power in the area and what will be the costs?
- (g) Will this particular industry prove satisfactory in the area, territory or region?

These questions and many others from rural areas will receive every possible attention by the respective committees. Through the close contact of the committee members at their meetings, and the meetings of the sub-committee chairmen, all problems will be discussed and coordinated.

Up to this point no reference has been made to the subject of Agricultural-Industrial relations. However, this is very closely related to the post-war program and to the establishment of rural industries.

The small rural communities and the farms have suffered severely from the loss of manpower, which has flocked to the large war industries located in the cities. Some of this manpower will return of its own accord at the end of the war, but how much quicker, and how many more would there be, if they knew, upon their return, they would be sure of steady employment and fair wages. This points to decentralization of industry, and of this the National

Resources Planning Board says:

"The possibilities of industrial decentralization which rural electrification holds out is considered by many people as an economic and social benefit of great potential significance."

The Pacific Northwest is even now facing this very problem. Thousands of rural and small town people have flocked to the war industries because of the high wages. Plans must be made for a proper and sensible redistribution of this great mass of our people.

Fortunately power in abundance will be available in this area, and the problem will be easier because of its existence. Undoubtedly the rural area can absorb some of these people if plans are properly and promptly completed for the establishment of suitable industries. The entire economic set up of our country is, to a large extent, vitally concerned with the problem of the proper redistribution of its industries and its available working population. Conversion of existing rural wartime industries to peacetime activities will receive its full share of consideration, as this will provide continued employment with a minimum of disturbance to a community.

It is the hope of the Committee that you will call every possibility of importance to its attention.

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SUB-COMMITTEE ON FARM AND HOME EQUIPMENT

J. P. Schaenzer

The functions and duties as outlined for this sub-committee are:

It shall serve in consulting capacity to and prepare reports on specific questions or assignments from the REA Post-War Planning Committee and to the REA Representatives on the U. S. Department of Agriculture Regional Committees. It shall prepare suggestive programs directly related to rural electrification, and also to the encouragement of maximum use of electric service for labor-saving and better family living. It may consider all types of electrically-operated farm and home equipment and the development of new types.

The committee in its deliberations has been fully aware of the magnitude of its responsibilities to present and prospective electrified farms. Attention need only be called to the fact that the farmer on an average makes an investment in wiring, lighting fixtures and electric appliances during the first year equal to that necessary to bring electric service to him. Experience information will serve as a background for a comprehensive study of the problems involved by the committee.

More than 350 applications of electricity for the farm and home have been listed. Many of these items are still in the development or research stage.

Most of them have never been manufactured in quantity and made available to the farmer at a price in line with the financial and other benefits he would derive from their use. Numerous other items in use only on one or a few farms in the nation have been home-made or locally assembled. In general, they fill a definite need in the operation of the farm and home. It is our objective to make income-producing farm equipment and home appliances available to our own members and, incidentally, also to all other electrified farms in this and foreign countries.

Electrification means more than bringing the service to the farm or rural home. To be of the greatest value it must be put to use. Until recently electric service has been considered a luxury. Conditions have changed. Electricity is considered a necessity and a sound investment for the farm. Those who have put this silent partner to work have found that with dispelling many hours of drudgery, accomplishing more per individual, and increasing the leisure of the family, it may also increase the annual farm income. Whenever put to use, it assists in raising the standard of living. These people, as a rule, are also more contented because they have all the conveniences of city life.

Last December REA conducted a survey of 41 selected electrified farms in Ohio and Indiana to determine the changes that had taken place in the farming operations, production enterprises, and labor before and after electrification. All had used electricity for periods ranging from one to five years. All were rather large users of electric energy, for only through such cases is it possible to learn the advantages to be gained from farm electrification.

We were also cognizant of the fact that certain changes were taking place on these farms from the time that they were electrified to the time the survey was made. The number of horses was reduced; the tractors increased; better tillage and harvesting equipment was acquired; and factors such as educational campaigns, the war, higher prices and others undoubtedly had their influence. Yet every farmer interviewed, without exception, stated that electric service was a major factor in increasing his food production and decreasing his labor in the performance of specific farm chores. Just to mention a few, - milk cows increased 46 per cent; beef cattle 21; hogs 35; laying hens 55; chicks brooded 57; chicks hatched 130; and turkeys raised 109 per cent. Nineteen new farming enterprises were started by these farmers.

Based upon the production of 16 war units per farm worker required for classification as essential by the War Manpower Commission, it was found that the actual number of farm workers before electrification was practically the same as when based upon war units. After electrification each man was performing the work of 1.6 "War Unit" essential men per farm. This is definite proof that electric equipment when properly applied is a saver of time and labor, and also increases the productive capacity per individual.

A few typical statements by these farmers will serve to illustrate:

An Ohio farmer states that the milking machine has enabled him to increase his dairy herd from 4 to 19 head. No additional help is required.

An Indiana farmer increased the number of chicks brooded from 400 to 2150 after electrification. No increase in labor was necessary as two electric brooders are used and water is supplied automatically to drinking fountains.

According to an Ohio farmer, electricity made it possible for him to increase his turkey flock from 11,000 to 23,000 birds. All turkeys are electrically brooded. Prior to electrification, oil was used for brooding and he lost at least one brooderhouse annually by fire. Although more than doubling his flock it was only necessary to increase his hired help from three to four and a half men.

Since electrifying his hatchery, an Indiana farmer is producing 800,000 chicks annually as compared with 350,000 before electrification. Five hot water, coal-heated, 16,000 egg incubators were replaced with two 66,000 egg electric incubators and two hatchers. Labor was reduced from four to two men. With the electric incubators, he is securing an average hatch of 80 percent while with the coal he averaged only 65 percent. He is also able to produce much better quality chicks with a 20 per cent higher livability and with practically no complaints from buyers.

Another Indiana farmer increased his market hogs from 175 to 250 head annually because electricity enabled him to pipe water to the pasture. Five faucets are provided.

One Indiana farm visited has an electric range, refrigerator, washing machine, iron and other small appliances in the home. According to this farmer's wife, the saving of time because of these electric appliances has enabled her to increase the laying flock from 400 to 800 hens and the number of chicks brooded from 800 to 1600. Cooking with the electric range now costs \$28.80 as compared with \$60.00 per year for a gas range which they had prior to electrification. The electric refrigerator is operated for \$15 annually as compared with ice for the ice box which cost \$45 for the same period.

An Ohio farm has the following electric equipment in the household: range, refrigerator, water heater, thermostatically-controlled furnace with circulating fan, pressure soft water system, washing machine, iron and other small appliances. According to her, electricity made it possible to increase the poultry enterprise from 25 to 200 laying hens and from 50 to 900 chicks brooded. Numerous similar cases of time saving and additional production of farmstead enterprises could be cited.

These examples will serve as evidence that electric appliances in the home can save the housewife time and labor, conserve physical energy, reduce drudgery appreciably, increase her productive capacity, improve the health due to less fatigue, improve the quality of foods due to better methods of preservation, conserve food, provide time for recreation and for the better things in life, and add to the comforts of living.

Electricity can and must pay its way both in the home and about the farmstead. Individual farm and home requirements must be met. Studies must be made of the farmers' needs to determine which equipment is in greatest demand so that this can be developed, manufactured, and made available to him at the earliest possible date. According to the Bureau of the Census, only a few electric farm devices have had large volume production. These are the pressure water system, milking machine, cream separator, electric fence and electric poultry brooder. Others, to mention only a few that should show a profit to the owner, are the milk cooler, egg cooler, feed grinder, feed mixer, garden irrigation equipment, milk pasteurizer, dairy barn ventilator, soil heating unit and soil sterilizer. For the household, in addition to the range, refrigerator, water heater, washer, ironer, and other small appliances, emphasis should be given to the farm freezer and storage cabinet, household flour and cereal mill, better kitchen planning, food processing and laundering.

Considerable progress has been made in the development of this equipment. U.S.D.A. and the Colleges of Agriculture have been most helpful in furnishing available research data on electric applications. Manufacturers are constantly asking REA the question, "What electric equipment can we manufacture that will have a place on the farm? They are willing and have already spent considerable money in developing and designing several items for post-war quantity manufacturing.

The committee desires to be of help in assembling and analyzing research data on utilization equipment; setting up and preparing standards and specification; to develop and plan educational programs; ascertain the availability of electric equipment and where it can be secured; and to determine the policies and make arrangements for group purchase. All of these will play a part in furnishing the post-war farmer dependable, durable, quality electric equipment,--equipment which will help him to make the farm a better place to live--financially, socially, physically and mentally--so that it cannot be said that electric service is just another out-of-pocket cash expense, but is the indispensable, reliable, income-producing silent partner.

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SUB-COMMITTEE ON AGRICULTURAL TECHNOLOGICAL DEVELOPMENT
L. P. Slattery

You were also advised by others about the duties of our Sub-committee. I will only outline what we think are the committee's objectives and responsibilities:

1. Prepare suggested technological programs as related to rural electrification.
2. Develop detailed plans involving engineering-technological phases of rural electrification.
3. Prepare statements or reports on specific questions or assignments for the REA post-war planning committee or REA Regional representatives.

In regard to the first responsibility, we have prepared the report that Mr. Neal referred to in which we included what tools we assume are necessary in the form of personnel and other expenses in order to get up the technological program.

On that Sub-Committee are Mr. Fox, Mr. Mackay, Mr. McCombs, Mr. Duncan, Mr. Arndt and myself as Chairman.

We think we have worked up a conservative but necessary program.

Regarding Agricultural Technological Development, we will only refer here to matters relating to Rural Electrification systems.

There will be many new technological subjects that will enter into the planning, because of the changed conditions brought about by the developments of the war, and our gained experience. What we have presently collected and what we propose to assemble, technological developments will play a large part in planning the program. Already the committee have presented a list of 27 necessary technological subjects for action and extra budget for the Design and Construction Division, the Cooperatives' Operations Division and the Technical Standards Division.

Our recommendations included personnel and travel budget requirements based on preparing in these few months a post-war shelf of projects about equal in volume to the entire present REA commitment completed during the past seven years, or since the beginning of REA.

All of you know how necessary it is to re-plan the existing systems that expect to be extended. This item, alone, will require a large staff of technical men. This we consider as only one of the "must" technological items if the shelf is to be properly certified.

Many of the technological developments and subjects will be of direct interest to the Regional Groups, State Agencies, Members of State Committees, Private Firms, Project Representatives and Engineers, and others.

The project representatives or engineers will want to know what new or different technological field information will be included or expected from them for proposed REA post-war projects. Engineers may even want to know where to get experienced draftsmen or engineers.

Private firms will want information about new line materials or farm electric equipment, and what important changes of design or in equipment are expected.

Contractors will ask what materials will be available and when.

Questions will be asked regarding available power, undeveloped power sources, generation and transmission limitations, communication possibilities over REA lines, possibilities of REA service to small isolated communities, what information is available on developments resulting from the war, such as underground transmission and one wire transmission, new power units.

Not the least of these will be planning of cooperative headquarters and possibly rural industrial centers. Rural industries might, in fact, become one of the REA major programs if pending legislation is provided.

It was mentioned in the meeting yesterday that some discussions at Milwaukee were against planning in marginal lands. Well, that question is going to be brought up regardless of the Milwaukee conference. In fact, the National Planning Board, a few months back, requested that we give them an overall technological planning picture of what rural electrification would do to help bring marginal lands into production land. Marginal land for some of the soldiers to live on after they get back.

Groups or committees will ask as to the ultimate areas of existing projects or areas of new projects. We asked for a budget for this survey.

The Secretary in his address mentioned several most important technological developments.

No. 1 Running water everywhere on the farm. Manufacturers, at our urgent request, are now, a number of them, developing a cheap and reliable electrically operated pump.

No. 2 Electric service to the poorest rural home. It will need new engineering design. Up to now, you might say, we have been forced to use many developments made primarily for city electrification.

No. 3 Increase in the use of electricity. New equipment is needed for this, manufactured on a mass production basis. Manufacturers are ready, if and when, we are ready with our manpower to advise and assist them.

No. 4 Industries in rural areas. It took a long time to get this started, but it has gone ahead in REA. The report of the National Planning Board also recognizes this.

What about the carrier telephone? I will pass that to be handled in answer to one of the special questions presented from the floor yesterday.

You ask will the Sub-Committee supply directly all the information requested? The answer at present is "No." It is intended, as we now understand it, for the Sub-Committee to act only in a consulting and advisory capacity. Since the Chairman of the Sub-Committee serves as a member of the overall REA post-war planning committee, we presume that the plan will be for all technical information requested, or questions asked of a technological nature, to be referred to the proper REA Division Head for handling, or refer it to the overall committee for directions. Only when we are directed, will this Sub-Committee prepare statements and reports on specific questions or assignments from the REA post-war planning committee or REA Regional representatives.

I believe you will agree that the foundation for future quantity and quality rural electrification must be based upon sound technological studies and developments. The technological studies and developments most certainly will play an important part if we are to plan ahead not only for the future requirements, but to better the present service and economy of the existing lines. If the requested personnel and field assistance are provided for REA, the technological phase of our post-war planning will be up-to-date and greatly improved over the past. In this, we will gladly cooperate to our fullest extent.

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WORKING WITH U.S.D.A. REGIONAL COMMITTEES

George E. Dillon

The question of post-war planning raises some questions in the minds of a lot of us. As a member of the Midwest Committee, I have enjoyed every one of the four regional conferences that the Committee has held. We started out rather slowly - December, 1941, being the first Committee meeting. It was October of the next year before we had a second one. In the meantime, each one followed a little different program in furtherance of post-war planning. These Regional Committees are composed of men and women from the various Bureaus of the Department. We have listed them here on this chart: BAE, FS, SCS, FSA, WFA, AAA, EXT., FCA, REA, and BHN&E.

On this side, we have shown the various post-war planning regions: Northeast, Appalachian, Southeast, Midwest, South Central, Great Plains, Southwest Inter-Mountain, Pacific Northwest and California-Nevada. Planning for any one region will not be the same as for all. Different conditions and different problems, both economically and otherwise, exist. Those of us who are serving on these committees must recognize this fact.

Out of these conferences have come rather definite recommendations. Mr. Smith covered some of them in his talk. He didn't know I had planned to talk about this which I now offer apologetically. One of the things that has come out of the committee's deliberations are these eight points on this chart, eight jobs one might call them:

Functions of Regional Committees:

Delineation of areas - Atlas of information.

Estimate of agriculture at end of war.

Long-time objectives for agriculture.

Assumptions on conditions in:

Demobilization and relief period.

Post-war prosperity period.

Long-time post-war period.

Plans on physical resources and on

Rural facilities (R.E., Housing, Etc.)

Rural services (health, education)

Industrial-agricultural relations.

Some of these eight were covered by Mr. Smith when he said four of them offer something in the way of immediate planning, the others something for future planning - so, I won't discuss them with you except to mention to you that these eight points on this chart are some of the subjects that have been discussed at our regional meetings. You saw a sample of the Atlas to which he referred. These two bulletins contain the "Long-time Desirable Goals for Agriculture" and the "Assumptions as to What Agriculture will be in 1944". This material has been worked out in our regional meetings. I wrote a report last January of my impressions of the value of planning being done in committee meetings held up to that time. I know that some of you felt that the idea of post-war planning is too visionary and, therefore, is subject to criticism, but, in my judgement, these committee deliberations were most practical and helpful. I enjoyed working with all of the committee members - Mr. Neimeyer of the Farm Credit Administration of St. Louis whom I have seen up to now only when we have committee meetings with the other representatives from other agencies. We got into some very good discussions. I was thinking a while ago, had the farmers carried out all the plans and programs outlined in the last 25 years, we would have a most prosperous agricultural class.

In post-war planning in the U.S.D.A., we go from the national Inter-bureau Committee to the Regional Committees and from the Regional Committees to the State in asking the state groups to participate. Here I want to stress this point which was discussed in our Regional Committee meetings and which I see is going to be followed, that is going out into the states and encouraging state groups and representatives to take part in post-war planning. I contend that we in REA would do well to solicit and encourage the assistance and help that can be given out in the rural areas. I refer to the Cooperative themselves, 750 of them. With an average of 10 board members to each Cooperative, 7,500 rural leaders out in the country know about REA and its problems, and, in our deliberations, I believe they have a place alongside of us in this post-war planning. If you do not think this true, I refer you to our Deputy Administrator, Mr. Neal, who comes from the rural area and is guiding us in this program. So, we have a responsibility there in the State in carrying this message back merely as a guide and suggestions by the regional group to the State. The State planning group can work them into a satisfactory state plan.

I would like to suggest one or two points to remember in regard to our own post-war planning. I think we should keep in mind the things mentioned in Mr. Nicholson's address this morning. I want to confess that I had good assistance in making up these charts, but I didn't have anybody write this speech. I thoroughly enjoyed Mr. Nicholson's talk - think it was one of the best speeches he ever made.

We want to resume the construction of rural lines on an area basis. I think if we are planning correctly, we want to use the rural survey to help guide us in the resumption of construction of rural lines. In doing this, we must have some redesigning of system lines, and the engineers will appreciate this. I believe some studies should be made and can be made in redesigning; accelerated activity resulted in our original plans being exceeded. Some of these systems that are not now properly designed could be redesigned correctly to carry the load. I think that there is something that we can do along that line. In resuming this post-war construction, appropriations will be needed to make that money available.

Right now I believe that the utility people are looking forward to a post-war construction period about the same as we are. A superintendent in Illinois said one of the utility boys 'let the cat out of the bag'. There was a little area this superintendent wanted to serve so he took it up with the local manager who, in turn, called on his boss. The boss came down with another man and, during the course of the conversation, it was said: 'Well, you know what we want you to do? We want you to put off U-1-C construction during the war as we can't do a good job'. In my judgement, that is exactly what is in their minds. Another example to illustrate this point: The Wisconsin 63-Bayfield project was not completed because of Pearl Harbor. Some 155 miles of poles were up on the "A" Section. The "B" Section had the best agricultural area of the whole project. The Utilities went out there and built lines in the "B" Section under U-1-C. That is exactly what is happening in many places.

As soon as the war is over, we shall have much more of this. Our experience heretofore has been where rural lines can be built in good territory, utilities do not wait until tomorrow or next week or 30 days from now-- they grab up the tools and machines and go out and build it and talk about it afterwards. We know what that means to our program. One other thing-- getting electric power to all areas which the Secretary spoke about this morning--I don't think there is anyone in the office here who wouldn't want to see that accomplished, but I am concerned about problems connected with it.

We want electricity out here to every farm that we can possibly serve. Right along that same line, Mr. Secretary, we have to have it at a cost that farmers can afford to pay. Right now the majority of our borrowers are furnished wholesale power by utility companies. These companies are attempting to raise the cost of power particularly in Arkansas and Oklahoma. We can talk, we can speak, and we can rave about post-war planning and about the REA program, but it takes a little action along with it. I am sure this group is ready insofar as action is concerned. So with Post-War Planning and REA, we have got to work at it, not only now but from now on.

QUESTIONS AND ANSWERS

WILLIAM J. NEAL, General Chairman:-- We have come now to the Question and Answer Period, and some of these questions, I believe would trouble that fellow who handles the Court of Human Relations on the radio, but we have some men who will try to answer them.

QUESTION: On what date will final plans and report of the committees be completed? That is, when will the services of the post-war committee be completed?

ROBERT T. BEALL: Planning will be continuous. However, as for the work of these committees, our budget request covers a period of 18 months, and will provide the shelf of projects to be undertaken immediately after the war. I think, Mr. Chairman, you have stated that 18 months constitutes the period when the immediate post-war plans will be completed.

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QUESTION: All post-war planning thus far appears to be predicated upon the assumption that present economics will obtain at the end of the war period. Past experience indicates a period of economic chaos. Has this been taken into consideration?

RAYMOND C. SMITH: Yes, it has been taken into consideration. I think the real point is this: We don't know exactly what conditions are going to be during the post-war period. We can all guess and all estimate, and no one knows what conditions will be. If we did, it would cut the planning job down to ten per cent of what it would be otherwise. So, since we don't know, we just have to assume the different possibilities of what it may be. So I think our job is to be well prepared. As I have heard the Secretary say sometimes, "Prepare for the worst and hope for the best".

QUESTION: What is the average-sized cooperative going to be on this area coverage basis? What happens to the cooperatives that are larger than the average already?

WILLIAM J. NEAL: First, the average size cooperative is going to be determined by the size of all the cooperatives in the nation that are average, and that is more or less a figure of speech. I think the size of the cooperatives in the future is going to be measured by several guideposts, and the principal questions in making these future loans may be: Natural characteristics of the area, and by that I mean the natural trade centers, the layout of highways, density of farms or rural homes, and common limitations of travel to the people in that particular area. That varies in different sections of the country.

Another guidepost will be proper balance between loan and density, so that it is feasible from a payout standpoint.

A principal factor will be the managerial ability and the public spirit exhibited by the directors, and the interest shown by the membership. It has not been found by experience with cooperative organizations generally that a management which depends entirely upon one man, or the so-called strong man, is as safe in the long pull as the cooperative in which the members and directors take an active interest, using their own good judgment.

Now, if we don't find these characteristics in either a big cooperative or a small one, if they don't seem to measure up to these general guideposts, unquestionably REA, in loaning its funds, will not hesitate a moment to assist other groups of local people to set up another cooperative in order that they may carry out the mandate of Congress to bring electricity to the rural homes of America.

What happens to the cooperatives that are larger than the average already? The answer is that, if they measure up to these guideposts in general, they have nothing to fear, provided they are able to get out and do the job, but I think you will say the big cooperative has two strikes on it already, and it has to do a tip-top job in order to measure up to these requirements.

QUESTION: What about the carrier telephone systems: shall we take any part in State Committee or regional discussions in connection with the extension of rural telephone service?

LEE MOORE: For the past several years I have been devoting efforts to this subject in cooperation with the Bell Telephone laboratory. Only about 25 per cent of those in rural areas get telephone service. They have gone backwards somewhat over the past ten or twelve years.

In two and a half years, we have developed only two laboratory sets, and the type of service that is rendered over that particular instrument is equal to the same service in the city, and is much improved over that found in the rural areas.

Among the factors are a low cost coupling device which we felt would be in the neighborhood of \$5 and not over \$10. At the beginning of the war, we had only ordered 25 placed on REA systems for observation. We have ten in northern Missouri now, and they seem to be going along in good condition at the present time.

Further development on this is to find out or determine the overall cost. The sets we have are composed of five tubes on superheterodyne circuits. We don't know what it will be after the war. We have our engineers' reports on these new sets. Our trend of thought has been to set up a carrier system similar to the party lines on rural telephone systems, and to finally terminate at a central office, in turn making each one of these channels

or groups of channels, to be interconnected through a telephone switchboard. In the operation of many systems that will help to isolate line trouble readily.

We published an article in the Electric World several months back; the Bell Telephone published an article on the same subject, and another article was run in the REA news, which gives a pretty accurate idea of what we have in mind.

WILLIAM J. NEAL: I think the answer is pretty obvious from the standpoint of the man who is going to be serving on a state committee.

I believe these men should do two things on this question, or perhaps three things. They should state facts as they know them in relation to this particular problem; they should keep their eyes open to determine any section of those states where they think there is an opportunity to render a better service to rural people through the use of carrier telephone systems, when, and if, it becomes available, and third, they should be extremely careful about pushing any carrier telephone project in communities where the small rural telephone line companies are doing a good job.

In fact, any work by REA committees on such projects must be only in response to demands on the part of rural people desiring such service.

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QUESTION: Should we participate in State Planning activities concerning rural sanitation and health, as it may be directly related to rural electrification, or should this be left to the State Health Commission? Will REA have a plumbing program?

GEORGE LONG: This cannot be left solely with the State Health Department. The State Health Department is interested as far as public health is concerned, and will collaborate in submitting and preparing plans and specifications as to how plumbing should be installed. The program is definitely one to be carried out by REA in collaboration with the State Health authorities. It is up to REA to take the lead.

RAYMOND C. SMITH: Mr. Long used the word "collaborate" in his remarks. I want to point out that some of us in Washington have recently had some relations with the National Public Health Service, which works with all State Public Health services. We told the Public Health group that the country boys in the Department of Agriculture had convinced themselves that there were some health problems in rural areas, and that from our contract with farmers, we know the problems of water supply, lack of electricity, lack of adequate hospitals in many rural areas. They were aware of these problems too.

We said, "Now are the Public Health Service and the State Health Service all set with programs to be adequately financed and do a real job in rural America?" They said they were not set to do the whole job.

We said that in Agriculture, various agencies -- REA, Farm Security, and others - would be glad to collaborate with them, and I believe a basis has been established and a number of things will be done on a collaborating basis, both among the agencies within the Agriculture Department and with other groups. With REA's aspirations and hopes in this field, I believe we do have a better basis now than in the past for that collaboration Mr. Long mentioned.

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QUESTION: What are the prospects, if any, of alleviation of the critical material situation before the end of the war?

SECRETARY CLAUDE R. WICKARD: I can only give you a few general impressions gained through my membership on the WPB, and through our failure to get steel, copper and aluminum and other things we would like to have for farm mechanization and electrification. There are stories going around in Washington (I suppose you hear some of them out here) of how there is going to be a surplus of this or a surplus of that. I would like to utter a word of caution about believing those stories.

The great deficiency of this country is not so much in material as in manpower. For instance, we might catch up on the demand for aluminum so that the aircraft factories could not take all the aluminum as it was made. In that case the manpower might be transferred from raw material to the assembly of airplanes, so that still we would have no surplus of aluminum.

We come back to that question of manpower with the copper industry. We know now that we are having trouble maintaining the manpower for our present rate of copper production, -- and so, all the way through the list.

Now some people have the idea that steel consumption may soon catch up with steel production. Well, steel production is not expanding rapidly because it takes steel to expand steel production. Apparently it is not thought advisable to draw upon our stockpile in order to expand steel production.

To sum up. I think we should not count on having more material while the war lasts. Yet, we ought to be prepared for the utilization of material when it does become available.

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QUESTION: How about our relationship in the extension of electric service to the farms that will be established by the Bureau of Reclamation projects? These projects will build towns to serve the farms. Couldn't cheaper power be distributed to everybody if it were all done by one organization?

VINCENT D. NICHOLSON: I suppose that question applies as to whether we should encourage the organization of cooperatives in such areas, or make loans, if we are asked to do so, to Public Power Districts, or perhaps to take the third course and stay out of the matter altogether, and allow the Reclamation projects to supply and operate electric power systems, along with its other activities.

Usually, couldn't matters of this kind be decided locally? If the local people, in some of the new areas opened up for settlement, want the cooperative form, ask for an REA loan and have a feasible project, and that is the only application before us, of course we will grant it. If they want a public power district, we will just as freely make a loan to a party of that kind.

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QUESTION: Can the operating reports and the accounting systems of the cooperatives be simplified and streamlined so that cooperative personnel will have more time to work?

JOSEPH F. MARION: There can't be a whole lot of simplification of the accounting system. That is the result of the growth of seven years. It was built up in accordance with the manual of the Federal Power Commission. We look to them for guideposts in the type of accounts to be used. We must follow utility methods when it comes to accounting. That means we must have bookkeepers who are trained to carry on the requirements of the system, and must have people capable of controlling, directing, and assisting where assistance is needed.

Without going into a lot of details, the accounting system is the yardstick for progress made by the systems. Unless that yardstick is adequate, you just can't tell anything about it.

As to the operating reports, they reflect the accounting systems as spread out on the books of the cooperatives. Mr. Herring will tell you whether the statistical portion is something that can be curtailed.

W. E. HERRING: Mr. Marion has covered the subject rather thoroughly. In connection with the simplification of accounts, I think he has stated that in a way it will be pretty hard to get around. There is a difference between simplification and elimination of some of the items included in our accounting in accordance with the FPC system. The TVA is also in the FPC classification and they go into more detail than we do, so that I believe Mr. Marion has stated correctly that there is no way that it can be simplified.

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QUESTION: What part will cooperatives play in the post-war program?

ARTHUR W. GERTH: They are going to play the most important part. The REA representatives on the state planning boards will assist representatives of the cooperatives, also on the boards, in getting across the cooperative viewpoint.

The cooperative will complete the unelectrified farm survey. They will prepare a shelf of work for their own post-war construction program and our plan will be in line with their recommendations, so that when the war is over they can go ahead and construct their lines. I think this is the major part the cooperatives will play.

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QUESTION: Will our post-war plan related to development of rural lines in various states have to conform to the State Committee's recommendations, and what will a state man do if he knows the State Committee is going to make some kind of plan or recommendation that is not what the several cooperatives are planning in the areas served by their systems?

WILLIAM J. NEAL: Now the state representative of REA, on this planning committee that will presumably be set up by various public agencies within the state, will find that together with him on the committee is someone representing the cooperatives. One of the functions of the REA man is to advise the cooperative representative. He must see that the cooperative representative has the factual information necessary to put his story across. He should not admit that the State Committee is going to make some kind of a plan that is detrimental to rural electrification, but if they do make a plan that is detrimental to rural electrification, he should not agree to it because it is the duty of REA, under the mandate of Congress to extend electrification to the rural homes of America. So long as the REA can find local interest, he is bound to do that job.

RAYMOND C. SMITH: I really think Mr. Neal has covered the question very well, but I did want to underline a little bit of what he said. All this planning within the Department is done by the Department as a whole, to develop a general plan which will, we hope, be used by all the agencies of the Department.

Now then, the planning goes just so far. Beyond that point, the regular administrative functions of the department, of course, are in play. Now, a lot of plans may be developed by the REA, the FCS, the Forest Service. Any other agencies of the Department will have the benefit of the plans which were more or less a consensus. Whether or not they put that plan into effect is purely an administrative matter, and of course, administrative lines and administrative decisions will prevail. The ultimate decision can only be made in this case, as in the case of all others made within the Department, by the Secretary.

I just wanted to get that clear between planning and administration. Planning goes only so far and then stops. Administration is a separate problem that you have from there on out.

The State Committee is not a Department of Agriculture committee. We have national and regional committees only. Obviously, a very important part of the work will have to be accomplished at the state level, or even down to the county and community level, and by farm people themselves.

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QUESTION: What are the plans for speeding up the construction of new lines so as to approach the speed of private utility construction?

GUY W. THAXTON: I assume this question means what can be done about shortening the time between the preparation and submission of the first application and actual energization of the line. In the past, funds have not always been immediately available for allotments; so that applicants sometimes have had to wait their turn. But, once the allotment is made, everything possible is done to speed construction.

Back in the early days of TVA, we thought it pretty good if a crew averaged guiliding one mile of line a day. Yet, in the fifth and sixth years of REA, we have had many reports from contractors of crews averaging five miles of line per crew per day. That is many times better than anything any private utility has done--unless they were anxious to complete spite lines, working Sundays and nights, and working all crews in relays, in order to beat our borrower.

Now then to push on into the post-war era, I must point out two or three things. The information compiled in the unserved farm survey will enable us to get out plans and specifications more promptly than was possible in the past, I trust. On the other hand, we must consider the fact that immediately when the war is over and we start into the program, we will not be able to work with the same efficiency to which we had climbed when we shut down. We must struggle until the engineers can forget stringing wire in no-man's land, and remember how it is strung on poles for rural electrification.

I wish we could pick up where we left off. Plans are being made to get to that point of efficiency as fast as possible.

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QUESTION: What should the field men tell the cooperative in regard to signing labor agreements with the unions?

DAVID A. FLEMING: The National Labor act gives employees the right to join a union of their own selection and gives them the right to ask for collective bargaining agreements with their employer. Field men should advise officials of cooperatives to familiarize themselves with the law.

There are questions coming up all the time. All I can say is, don't indicate any bias on the answer to this question. Send the questions in to us.

QUESTION: What should our attitude be in regard to the NRECA?

SECRETARY CLAUDE R. WICKARD: I believe we should make the same answer to that question that we would make to the same question asked about any other organization of farmers with which we have to deal. I have to cite to you a rule of the Department, to which we have endeavored to adhere strictly, concerning the employees of the Department entering into any kind of negotiations or operations regarding farm organizations. That rule is simply this: we are not permitted to help organize new farm organizations; we are not permitted to take any action which would prohibit any activities of a farm organization. That is, we cannot take action which might be considered detrimental to any existing organization.

Now, there are going to be times when the policies of REA, as established by your Policy Committee and others who have to do with forming of policies, may not be in conformity with farm organizations, and the question arises what shall be done where there are differences of opinions. We adhere always to the policy that has been established for REA; we welcome criticisms and assistance that may come from any group, whoever they may be - any organization to which they may belong. This is consistent with the policy of the Department of Agriculture over a long period. I see no reason for departing from it in any instance.

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QUESTION: What precedence does this planning work have over the regular duties?

WILLIAM J. NEAL: Now, it doesn't have any precedence. It's just another job that has to be done. This state representative is the man to whom we will look for special assignments, but it is expected there will be complete cooperation between all REA people in a particular area. They will render all possible assistance in building up good will and assisting in building the program.

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REPORT OF GENERAL STAFF CONFERENCE, SEPTEMBER 2 William J. Neal

In going over the program of the conferences, we have tried to determine whether there are any problems that have not been covered for the benefit of all Divisions in a general meeting, in order that we might go over them this afternoon.

There are some subjects which I think are of very great importance which have not come in for consideration and I am going to call on two people to handle those. Then we are going to answer questions on discussions of problems raised in divisional conferences, as many as we think we can handle. First of these subjects which I think must be presented to this

complete group is what we have entitled "The Role of the Information Division", to be handled by Allyn Walters, Chief of the Information Division:

ALLYN A. WALTERS: You have heard many times in the past few days that the post-war planning job has a great deal to do with public relations. I don't think there has been any over-emphasis on that subject.

In this post-war work widespread general publicity probably would not do a great deal of good. On the other hand, carefully placed local stories and local radio programs might be very helpful. We can place such material from St. Louis but only through local people. It is important, very important, that all such publicity material, and all the other things that go to make up public relations, shall have central-direction and control. We should all be telling the same story. It is the job of the Information Division to see that we do tell the same story.

I am sure you don't need to be told about what happens to the agency's public relations when the Information Division gets a little too much volunteer help. As far as field work is concerned in handling of publicity, radio, press, we do not have any set pattern or details. I am not worried at all about that. I am sure we can work out satisfactory arrangements. The Information Division is a staff division and has no field workers on its payroll. You field workers of the line divisions have to do our field work for us.

If we have proper cooperation from the field workers, we can help you to do your work better and more easily. We can help prepare stories for local people to give to local papers. We can encourage newsletters and make them more effective. We can help get a good turnout for annual meetings which are important in post-war planning. We can provide leaflets for local distribution. If you are going to make any press statements or radio talks, down here in St. Louis, we can either clear them for you or get clearance from the Department and from the Office of War Information. Just send the material in to us as far in advance as you can.

Much of the material which REA releases to the general public originates with the borrowers out in the field. For that reason we ask that local managers send us copies of any material they may release through press or radio to the people of the community, copies of newsletters and other direct-mail material, and clippings of any newspaper article dealing with any phase of the rural electrification program. We want the same sort of material and reports sent in from the field people.

So far as relations with the press and radio are concerned, the Information Division wants the borrowers to become self-sufficient as soon as possible. We often prepare newspaper releases for the individual Cooperatives to give to local papers; they are intended to be suggestions only, and should be checked carefully or revised - or disregarded entirely - depending on local conditions and temperaments. The important thing is for the borrowers to let their local communities know what they are doing. The field people

would probably serve the rural electrification program most by not giving too much public relations help to the borrowers. Make them do some of their own. It is good for them. We ought to help them all we can in whatever they do, but they must stand on their own feet as some are doing already.

REA strongly favors individual cooperative newsletters. We prefer those which fit on a single sheet of paper using both sides. We have very definite ideas of what makes the best general content and, whenever we have a chance, we tell the borrowers what we think. But a newsletter, more than any other medium of information has to be local.

Some of the cooperatives, especially those in strong State groups, have some post-war plans about group magazines. Some of them are already appearing. These statewide magazines involve some rather delicate problems, and I wish you would let us know whenever you hear about any new ones being planned. I'd rather you wouldn't take any action until we get a chance to talk over the specific magazine here in St. Louis - except to say that we don't think any magazine can possibly do as much good as a local newsletter, and we hope the newsletter will continue.

Information does quiet a lot of things. We put out the Rural Electrification News to which many of us have contributed; we maintain a stock of pamphlets; we think up boat launchings; we send OWI posters to the cooperatives; we have lots of pictures for interested publishers; and we will be glad to write special articles on any part of our program. In most of our work we need the help of you field people. We have had it in the past and I am counting on it for the future. Thank you.

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DAVID A. FLEMING: There is no activity in REA which is as responsive to public relations as labor relations and safety. We can get ourselves talked about either favorably or adversely easier and quicker on those two things than almost anything else. Our safety job training program is about two years old. We have expanded it, and I am not going to try to outline the program to you, but I am going to dwell on the need for it. I will give you a few records to bear that out. Incidentally, in all of our safety work, we have used a rifle method of attack on the problem rather than the shot gun. It is very nice to have a lot of safety articles about safety in general. I am afraid many of our superintendents just say to men, "Now, be careful, don't get hurt".

It takes more than that.

In 1942, we made an analysis of our electric shock accidents. We found that 34 per cent of the injuries and 78 per cent of the fatalities among REA cooperative employees were caused by electric shock. In 83 per cent of the cases, the current went through the body entering through its hands. Now we have adopted a slogan which you may have seen in the REA News. "The burns are on the hands." It means just one thing - that linemen are not wearing rubber gloves.

We are not making them wear gloves, but by experience we have learned that it is a good thing to do. Regardless of what former utility experience may have been or what you personally think about it, I think it is a good policy for you field people to advise the operators on your projects that they should wear their rubber gloves from the ground up. This is how we used the rifle method of attack in eliminating electric shock accidents. We have our safety problems nearly licked. We did that in relation to construction. Two or three years ago we issued a safety bulletin regulating the energizing of systems and that practically eliminated electric shock accidents. We had a case recently where that was not observed and an employee was electrocuted. We can bear down on the contractor's employees a lot more than we can on the superintendents.

We have had a lot of misstatements made about the number of fatal accidents by representatives of the national organization, which have been corrected in a letter to one of their directors. But this year, to August 31, we have had 12 fatal accidents. William Saltmarsh razed me yesterday because I crow about this, but it so happens that none of these accidents occurred on systems under our job training programs where safety rules are observed. We progress at the cost of human lives. In states where we have started our job training a year or more ago, they have had a reduction in their insurance rates.

Two or three years ago, I attended a conference in New York where a compensation insurance company threatened to increase our compensation rate 100%. I outlined our safety training program to them and they agreed to decrease it 50%. If we keep on going at the rate of 12 (fatal accidents per year), the next boost we will get will be about 200%. To give you an indication of just how bad we are--in 1941, private utilities reported five-tenths of a fatality per thousand employees. The REA Cooperatives had a fatality rate of 4-2/7 per thousand employees. Perhaps not that much, but that is just how bad we are. You fellows in the field and all the Divisions can help this thing. It's not an incident of where "too many cooks spoil the broth." The more people talk, the better off we are. Our safety and job training program is being expanded just as fast as we can. We have lost 50% of our field force--had two men, now have one. I just had to send a telegram to Texas, regretting that we could not send anyone to the conference of training supervisors. This matter of safety goes into labor relations.

It all had to do with human welfare and labor relations problems. I did not amplify my remarks the other day, but labor relations isn't altogether a matter of relations with the labor unions. It is a matter of everyday employee relations. You fellows know of cooperatives where the employee relations are terrible and should be corrected. If they have a high turn-over, they would have a lot of disgruntled employees. To give you briefly an impression of what happens when nothing is done about it:

We had a cooperative last fall with six employees and seven directors. All seven directors were always messing into the management of the cooperative. An employee would be discharged one month and hired back the next month. They would cut one salary and raise another. Employees didn't like being pushed around. They got fed up on that sort of thing and went to the labor union nearest them and took out membership. They wanted to try to get the Board to negotiate an agreement. The Board refused, so they walked out -- six employees with seven bosses for each one.

Just another word of warning about the National Labor Relations Act. The wage and hour act is complicated and takes too much time to discuss here. We might say that one reason we have labor laws in this country is because we have some chiseling employees. We brought this on ourselves. The Wagner Act was passed for the protection of employees. There has been a lot of complaint that employees have been given no consideration. Maybe they don't deserve it but briefly here is how it works. Take, for example, employees that take membership in the union. They appoint a union as a bargaining agent. The union notifies the Board of Directors that they wish to start collective bargaining and negotiate an agreement. From that time on, all the actions and the words of the superintendent, the Board or anyone else connected there should be very closely watched. The act defines intimidation, coercion and things of that sort. One Board called in the men that had signed up with the union, asked them if they were not satisfied with their jobs. This was construed as intimidation. Those men took membership in that union because they thought they might lose their jobs.

There are many other things that are getting a broad interpretation. You fellows can readily render the best service to the cooperatives in your regions if you will warn them that they had better lay off discussing the thing at all. There are other situations which are arising. For example, a great many people have the idea that when the union moves in it means an increase in wages and that is not true. I was in a case involving six cooperatives where wages were increased in one unit and there was no increase at all in the other units. It stipulates overtime regulations and classification of employees. There may be other questions. I want to mention one word of warning. Evasion or objection to the Wagner Act is a rather serious thing. We want to stress that the Wage and Hour Act is another change which you want to watch. One cooperative in Texas rather reluctantly complied with the fair labor standards act. They started paying overtime and strange as it may seem, the employees took the overtime checks and endorsed them back to the cooperative. Very generous of the employees, but that is too obvious. And we know of another case where on these U-1-c extensions they wanted to avoid paying overtime and asked the employees if they couldn't make a contract to do these U-1-c extensions Saturday and Sunday, straight time. Five days, forty hours straight time for the cooperative and under contract work Saturday and Sunday straight time, putting up U-1-c extensions. Too obvious. There are many things that I would like to discuss, but I know our time is limited, and unless there are some questions, I am going to pass on to the next one.

WILLIAM J. NEAL: I have asked the Legal Division to take just a few minutes in handling one particular problem that is of general and widespread interest. I think Mr. Ziegler is going to handle that and I understand it has to do with WPB regulations.

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M. A. ZIEGLER: We have had several incidents come up where cooperatives, through misunderstandings of existing regulations, have gotten into trouble with the WPB, resulting in some cases with a hearing. In some cases a form of suspension order has been issued against the cooperative, the right to use preference ratings was taken away from some of them, and there are many other penalties in the book. As you are probably quite aware, the increase of these regulations over the last three years has been such that it is likely there are going to be misunderstandings of the regulations with respect to the price, material and contract -- practically every phase of activity our cooperatives are in.

There are two things to do as I understand it - one, to prevent violation, if possible; two, to do everything we can to clear a violation up once it has been done. As you know, we have a war regulations manual which attempts to set up as many regulations as we can squeeze into one small book. Still there are some things that don't seem to be well understood by the cooperatives and are possibly not explained as clearly as they should be. If, upon running into a problem with a borrower which is not clear to them or to you, whether it is a violation or not, please see that the borrower writes in to REA so we can take necessary steps to clear it up. There is a fine spirit of cooperation between WPB and REA. In some cases, in the old days, when they would have a 250 foot limit on extensions they would build 260 feet. If that is reported with the facts that go with it to WPB, all problems could be straightened out. As a result we wouldn't have the undesirable publicity. Sometimes they think these things can be buried, kept out of sight for the duration of the war. That is rather dangerous because I know how WPB investigators work-- they don't miss a trick. As you can see, through your good efforts, you men in the field have an opportunity that we don't have to convince cooperative officials every time there is something they have done not strictly according to Hoyle, to write a letter and clear the whole thing up. One thing I think is particularly dangerous in most violation cases is the fact that the work has already been done before sending in an estimate work order. If you can, carry this message back: for every job, regardless how small, a work order must be submitted so that the divisions in REA can go over these things here. We are equipped to keep up with all changes in regulations and if it has our approval, there is very little chance for trouble. Quite frequently the work has been done before the work order is received here. That is where the trouble begins.

Another thing that should be borne in mind is that with respect to WPB, quite often the advice of the local WPB office is not going to be accurate and complete. There are many arrangements being worked out in Washington

that the local office is not familiar with. Often the division operates on special letters from WPB. I don't believe there is a single local WPB office familiar with that. So rather than have the cooperative go to their local board on many problems of this nature, if they will come to us here in St. Louis, we will set them straight. Just to make a few notes: the type of violations found are (1) extensions of permissible length--back in the old days in 1942 when construction was permitted; (2) use of prohibited material; (3) purchase of material without checking through regional control inventory office.

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QUESTION: What about the annual service plan billing?

ARTHUR W. GERTH: I presume we have raised this question which many of you had in mind: "How is the cooperative going to keep its books under this procedure? How is a member to be billed?" Mr. Kneisley of the Finance Division has, in conjunction with other members of the division, worked out all of the bookkeeping answers to this question on less than four pages, which Mr. Marion has approved. But perhaps I stand to be corrected on that. Perhaps somebody had something else in mind when this question was asked.

The annual service plan should take up a lot of time but I will only hit a few high spots. The cooperative member contracts one year in advance for so much current, based on existing cooperative rates. At the end of the year the member might have used more kilowatt hours based on an additional amount of each kilowatt used. As the cooperative contracts have specified each year, he is given a discount in the form of additional kilowatt hours which are free to him. Like when you are paying a bill in advance, you get a discount. The cooperative could give this discount because it saves eleven billings each year and a great deal of clerical time in the office because the cooperative has a year's revenue in advance. By so doing, it will shorten the loan period by one year, buy war bonds, or make more advance payments. In the old times it was necessary for the cooperatives to have billing machines. Under this plan, inaugurated as an experiment, that would not be necessary for we have complete statistics available from seven of these cooperatives. Several others started, but the data is not complete enough. Of these seven, every one is in favor of the plan and has adopted it for the entire membership. Originally it was tried out on a segregated section of each cooperative's line. These members, under this plan, increased their consumption as much as 75%--that was the exceptional case--and revenue increased as much as 18%. The average shows consumption up to approximately 35%, revenues increased approximately 15%. Roughly this is five times the average increase in consumption and revenue. We feel that this plan is satisfactory and has had a good trial period. It has real merit. Most farmers do not receive a monthly income. Many receive money from their seasonal crops once or twice a year. They pay their taxes and insurance the same way we in the city pay our water bills--once a year. Cooperatives

do not wish to be brought back on the old utility plan of billing once a month. Dickinson of Georgia had this to say: "Please keep us on an annual plan. It's too much trouble to send in money orders each month. It costs too much and we do not have a monthly income." The Georgia Power Company questioned their field representatives about the plan, and are going to adopt it for all their rural consumers in the state of Georgia. We are recommending that the plan be made available to all co-operatives. It will be improved as time and experience dictate. We hope to work with the other divisions concerned in REA, and especially with the rate section on this.

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QUESTION: Inasmuch as prices are fixed by the O.P.A., is it practical at the present time to continue the group purchase plan of meters, transformers, etc?

WILLARD E. HERRING: I think probably the answer to that question can be very short, and we hope, sweet. Under the Government plan, the OPA, for every \$100 purchase, the charge is 66% or \$66. That is the OPA plan. Under the present group purchase plan the figure is \$62.56. Shows some saving there. Take breakers, listed at \$99 purchase price--we are buying them for \$89. Those figures answer the question definitely. I think there is a difference though. At this time, and for several months past, the dollar value of the group purchase, of course, has been materially reduced from what they were twelve or eighteen months ago, but at the same time, if we can still show a saving on the group purchase plan, it will seem logical to continue.

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QUESTION: Is every one in accord with the use of steel conductor on extensions? Many people feel they will have to take down 90% at the end of the war.

GUY W. THAXTON: The use of steel conductor in REA, of course, is not new. It has been going on for a long time, and there are many hundreds of miles of line on REA systems which have had a number of years of experience behind them. We have always put restrictions around the use of steel conductor because of our knowledge of what happens when certain conditions are met. For instance, steel conductor must not be used too near the sea coast and I am not going to say how near too near means. That depends on varying conditions along the sea coast. It may not be used in places where a lot of sulphur gets in the air from manufacturing plants, and from a number of other things. I couldn't give you all of the restrictions now, but we have placed these restrictions very definitely on the use of steel conductor. But then a war came along, and copper and aluminum were not available and steel was still, to a certain extent, available. We agreed to let our borrowers take a little bit bigger gamble than before. Yet we feel that it isn't too big a gamble if they will use the

specifications and follow the suggestions which we are ready and willing to prepare for them. For instance, the specifications will deal with the types and sizes of conductor in which the steel may be used on the pole line. It will deal with the span lengths to be used--in other words, the strength to be used--so that if and when the load on that particular line becomes too great at the top, the first wiring can be taken down and the copper wire of suitable conductivity put in its place. In that way we cannot lose all of the value of the conductor because it can be used as neutral somewhere else or used in some other way. Then the pole question which Mr. Neal read: "Some borrowers feel that they will have to take down 90% after the war. Is that true?" Well, that is a misconception of the thing. The conductor put up under this restriction will last for fifteen or twenty years at least--maybe twenty-five or thirty. There is no need for worrying about that. A lot of steel conductor was used in the last war. Some power companies rushed right out to take it down and others let it stand. Some of it is standing today, if I am not mistaken, Mr. Wright said some of it is still standing. There is one thing I wish--that when we have decided steel conductor may be used in certain localities under certain conditions, the decision of this division might be allowed to stand so that there will be no confusion when someone else comes along "guessing" that steel should be used in those cases.

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WILLIAM J. NEAL: I am going to try to handle the remaining group of questions in rapid fire order.

QUESTION: Should U-l-c extensions be constructed to a member prior to the time he has been able to secure farmstead wiring materials?

WILLIAM J. NEAL: It has been reported that field men have advised cooperatives not to build until farmstead wiring is available. We know that in this period we have war-time regulations for the control of so-called critical materials. Those controls have to change from time to time as conditions change. We know that we should not violate these control measures.

On the other hand, we have a perfect right to feel that it is proper to operate under the existing measures in the most practical way. Our experience has shown very definitely that in this period of manpower shortage, electricity contributes to food production to such an extent that it is a desirable use of critical materials.

Consequently, we feel because of these circumstances, REA should cooperate to the utmost through the lending of assistance in actually encouraging the cooperatives to construct U-l-c extensions. Unserved farmers want the service. They have a right to expect this Agency to help them.

It is perfectly obvious that it is far better to have critical material that has been released strung on poles in front of the farmstead, ready

to give service when wiring materials are available, than it is to have it resting in the warehouse. The only loss that can come to the Cooperative is a small amount of additional accrued interest. Maybe a month-maybe two months-maybe six months.

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QUESTION: Junking of obsolete REA memoranda.

WILLIAM J. NEAL: On this question I have to say that I am hopeful that we will have the answer as the work of our Policy Advisory Committee progresses.

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QUESTION: Delinquent accounts caused by Government contracts.

WILLIAM J. NEAL: I have made inquiries among the several divisions, and it is estimated that we have delinquent accounts caused by Government contracts in the neighborhood of half a million dollars. Thus far, these delinquent accounts which Government agencies have been handled by our Regional Heads in the Cooperatives' Operations Divisions.

I think we have to recognize that delinquent accounts caused by Government contracts are a decidedly different type of problem from delinquent accounts with ordinary members or consumers. With reference to delinquent accounts caused by Government contracts, we know that if we hold the contract the payment is sure. There is no reason why any cooperative should consider cutting off the juice to force payment.

The problems which REA cooperatives find in this instance are no different from those which private or public agencies generally experience in doing business with Government agencies. In doing business with Government agencies, the REA should be the first to recognize that one of the responsibilities of the agency is to keep its record straight and above reproach so that they are open for public scrutiny at any time.

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QUESTION: What are we going to do with the cooperatives who are in good financial condition and are not particularly interested in what REA has to offer and tell us politely to go to hell?

WILLIAM J. NEAL: The problem to which this question refers, as the question phraseology indicates, smokes in some places. It is, however, one of the most fundamental for the future of REA, and its ability to carry out the mandate of Congress in eventually and rather quickly getting central station service to all the rural homes in America.

I think it is only fair to say that wherever this situation exists, the failure of REA has been to a great extent responsible. Fortunately, I do not believe that at this point it is wide-spread, although we have to recognize that the tendency is perhaps the most dangerous, and at the same time the most likely to develop as time goes on and the financial condition of the cooperative improves, particularly if the so-called "strong manager" tendencies develop and representative membership and director control become aborted.

This is primarily a job that can be met by a sound policy within REA, proper understanding of the relationship of REA to the cooperative, and the cooperative's understanding of its relationship to REA and to unserved people in the area. These decisions and this attitude having been achieved, it can only be effectuated by contacts between REA representatives and cooperative people in which the REA representatives display evidence of judgment, deportment, resourcefulness, and friendliness becoming a public servant.

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QUESTION: Is it true that the committee on the approval of managers will approve increases in manager's salaries or is this still a prerogative (activity) of the Cooperatives' Operations Division?

WILLIAM J. NEAL: This question suggests by the word "prerogative" that the authority being exercised is dictatorial in character. I am sure the question could have been better stated by using the word "function" instead of "prerogative".

My reply is that at the present time the approval of increases in salaries for managers, once their appointment has been made permanent, is a function of the Cooperatives' Operations Division. Only recently has the question of assigning this function to the committee on Approval of Managers been raised. No exhaustive study has been made.

Not being in a position to give the answer as to what will happen, every employee of this Agency, just as in every other Agency, has to assume that present functional assignments will be adhered to.

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QUESTION: Field men's Project Report, which are more or less confidential, have been placed in the hands of project personnel. This results in a loss of confidence in REA. There's a leak somewhere in REA.

WILLIAM J. NEAL: Off the record--from observation going back over a considerable period of time, both as a cooperative man and as a member of the staff--I think this last sentence that "There's a leak somewhere in REA" states the case mildly.

Such a situation cannot but be a subject of concern to all who are in a responsible position. I am hopeful that corrective measures may be developed. Unfortunately, it has not been my experience that you could correct this type of situation as well as some others by a good will speech.

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QUESTION: Are REA State Representatives designated for post-war activities expected to do any detailed field work in conjunction with the assignment, if such work is not a function of the Division of which he is a staff member?

WILLIAM J. NEAL: All field work in connection with post-war activities and otherwise is to be dealt with not by the State Representative but by the field people of the appropriate division having the functional assignment. This should be distinctly understood by the field people and has been, I think, distinctly understood at all times between the Post-War Planning Committee and the respective Division Chiefs who are permitting their men to have the necessary time to act as State Representatives as required.

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QUESTION: This conference has emphasized unity of purpose among field workers. Since the discussions during the week have been focused on field men telling the same story and cooperating, would it be proper to ask when are the regional heads of the four line divisions going to coordinate their activities in a similar manner?

WILLIAM J. NEAL: I think this is a very proper question but like many other problems it will take some time to work it out. I can say this, however, that it has been my observation that we have very fine relationships between the field workers in some of our divisions. We can properly look forward to the time when the relationship in all of the regions will be as good as they now are in the best of regions.

Unquestionably, this is going to require changes in attitude to a greater or lesser degree on the part of some otherwise well-intentioned individuals. Perhaps a good philosophy for these particular people might be not to raise the question of what is wrong with the other fellow but rather what is right with REA.

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QUESTION: Should cooperatives be instructed to hold work orders until a procedure is established?

WILLIAM J. NEAL: There were two questions submitted this morning with relations to work order procedure. They indicated that there was a possibility

that work order procedure might be immediately overhauled.

Present procedure, as I understand it, was put into effect some months ago, and while study on the procedure is already in progress, no one can say when those studies would be completed nor what the conclusions will be.

Again, the only thing which REA people can do is to proceed and to advise proceeding under the established functional assignments.

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SUMMARIZATION OF REPORTS OF REGIONAL GROUP MEETINGS

Raymond C. Smith

Mr. Neal says that I should be able to summarize the reports that have just been given. Whether I am able to I have some doubts. They came so fast and furiously that it was hard to get it all at once. I believe in every one of those reports there was mentioned state committees and the functions of REA representatives therein, and also in every one of them was something about the unelectrified farm survey. I believe, though, that these are the only two that went clear across the border.

In the first place, the state problem is simpler than that of the region because, unfortunately, the regions are pretty messy as far as the REA regions are concerned. When these planning regions were set up they did a thorough job and felt that it was the best job that ever had been done and coincided as nearly as possible with the problems that must be met in the respective areas, but it is awkward and some of the states now will be in some other region. Now that is just awkward and clumsy but we will have to just make the best of it. On the state committee, comments were made about our organization. This was already covered in the morning conference and it was agreed that this would be handled by some state agency rather than our Federal agencies in setting them up. Now, assuming that one is already set up, or when one is ready to be set up in a state where they do not have them, it seems to me that they have the same job as the planning regions have and that your regional office man has between Washington and St. Louis. A man on the national intervening committee has the same kind of job and the jobs of those three are alike all the way through. So, what the regional and the national representatives are doing in connection with our committees I think they will know pretty well what their job is.

I do think that the first step, and we have the job, all of us in the Department, is of making it known to our group of farm organizations, making it known to them our interest in planning for the post-war policy and our desire to cooperate and assist in any way we can, the state committee if they have one. If we do that we have probably done all that it takes to get an invitation to serve as a member of the state committee. I think

the state representatives will be aptly informed by the regional men as to the time for submitting the plan on which these various state agency people are now members, that the regional man can keep you state men posted about when it would be the strategic time to drop a word to the state committee and let them know of your desire to cooperate and to be a member on the committee. It is the policy of the department which has been worked out recently for department representatives in the region to participate as members of such state planning committees as may be set up so you are all clear from the department policy angle and when you get an invitation then you are at work.

While you are at work in the state committee, it seems to me that in a certain sense you are a funnel through which the whole REA can pour information, ideas, suggestions, tentative plans and all that into the state committees, and get them to discuss them and react to them. Try to get them to criticize in order to get their ideas. In that way you will have an opportunity not only to sell the wares of the REA but also to do some educational work with people in the state who are interested in agriculture and have them more aware of the significance of your program in the future and the significance as we all realize it at the present time, when they hear more about it. It is your opportunity to funnel all this, get it before the state committees.

At the same time, it seems to me that the state representative is the funnel in reverse to back up some of the questions and problems that the state committees are grappling with and figure out, "Now what can REA do to throw some light on this problem?" With the versatile staff that you have, you can no doubt make a contribution as different problems arise. You can funnel questions and problems out of the state committees and get them allocated around to the other field people in the state and if necessary send them on to St. Louis.

Now, then, the Unelectrified Farm Survey. It seems to me that after all we are pretty much in the dark and groping somewhat blindly about our future job ahead if we don't know its size from the standpoint of how many unelectrified farms we still have, so it seems to me that your idea there, to do some work on making an unelectrified farm survey is a very desirable activity insofar as this post-war program is concerned and that it will furnish information which will be of interest and of value to these state and regional committees and maybe even some value to the REA itself from the standpoint of working out plans for its program for the future. Now, in this post-war planning, there is some part, the general, overall part, that cuts clear across the border, that all of these agencies should work on together. Then there are certain other phases--the technical phases in a particular field--the Administrative problems, the way of getting the plans into effect in a particular field. I think you folks realize that REA itself will have to handle the problems pertaining to REA, that REA will have to handle them as an agency in itself. These are things along with the work in connection with these other committees.

I notice one thing about these reports. I expected a little discussion

from each of you about rural industry problems but no doubt that subject was already covered in the meetings. We have been thinking that REA will be the agency in the Department to make a very large contribution to that particular phase.

I think that is all for the time, except that I want to make one other point about the whole program for the post-war planning. In preparing these budget requests to get funds to plan a shelf of public works in the rural electrification field--well, that is fine and we hope we get a lot of money. If we do we will be better equipped to do the job. At the same time, let us not wait for that money. We know that at the earliest we would not get it for several months or we might not get it until the war is over. As busy as we are during the war, we can do a great deal before that money comes. I am confident that a great deal can be done which will make the job easier if we do get it.

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CONCLUDING REMARKS OF CONFERENCE CHAIRMAN
William J. Neal

As we near the end of the conference, there are a few more things that I want to take up which I feel are of general interest. First I want to speak of a rather intangible type of promotional work which can only be well done if it is constantly emphasized and reiterated. If it were to be dealt with in the best possible manner, we should have Udo Rall discuss it: What I refer to is "Maintaining the Cooperative Spirit in the Cooperative." In this connection, Mr. Rall of the Information Division has just issued an up-to-date and comprehensive list of suggestions. I can understand that some so-called practical men with training in the sciences, training in engineering or in business have difficulty in visualizing a thing so intangible as the spirit of a cooperative organization. I have had somewhat a different background and it may be that I can appreciate these values somewhat more fully. A review of the history of the development of the cooperative movement will reveal how tremendously important it is to maintain cooperative spirit if the cooperative is to be a sound business venture. Aside from faulty business judgment, the greatest single factor in contributing to the failure of a cooperative has been the loss of this cooperative spirit by the organization. What I am leading up to is this: that in war time or peace, whether travel conditions are easy or difficult, it is most essential, if our REA cooperatives are to live as cooperatives, that they hold their annual meetings and that their Board of Directors, officers and employees do their utmost to constantly cultivate the spirit of cooperation and establish an appreciation of the fact that the cooperative is a sound businesslike way for people to serve themselves. This principle was recognized by REA after only a few months of effort to promote its program with the private utilities. REA placed its faith in the cooperative organization to carry central station electric service to the farms of America. If REA fails, unquestionably one of the greatest contributing factors will be the failure to make the cooperative spirit live in our borrowers.

Another matter which I want to speak of is something that is probably no news to either the REA people in St. Louis or in the field, namely, that during the past three years we have undergone a very serious budget cut. I am not making this statement out of any desire to question the wisdom of Congress. I simply wish to cite the figures with reference to our appropriations. In 1942 we had appropriated for administrative funds \$3,962,000; for 1943, \$3,500,000 and in 1944, \$2,258,000. I cite these figures only to indicate to you that there are some very real and very difficult problems of administration that are entirely different from anything that REA has heretofore encountered.

At the same time, with our force more restricted than ever before, we are constantly confronted with requirements for increased activity in the U-1-c program which has placed added responsibilities on every division. There are increasing responsibilities on several of our divisions in dealing with management problems and giving advice and assistance to protect the Government's loan. There are increasingly added responsibilities on the divisions that are responsible for management, and advice. On top of it all, without additional expense to the Government, at the moment, (although we hopefully anticipate) we are expected to develop a comprehensive and complete post-war program. That boils down to mean simply this--we will have to work a little more closely together, to be a little more efficient, have a little less loss of motion, and will probably have to analyze very carefully the essential things which we must do in rendering the type of service required by our cooperatives. It will be necessary to cultivate an increasing feeling of responsibility on the part of the cooperatives and to carry on our relationship with them with the least amount of friction. It is necessary to perform our functions here in REA so as to safeguard the ability of REA, as opportunity affords, to get electric service to all rural people. That, in itself, is a big and difficult job.

In accomplishing that purpose in this difficult period, we must recognize that it takes not the thinking of one individual or one group of individual around the top, but the ideas and the cooperation of every single employee.

I am not unmindful of the fact that REA has a type of organizational setup that is substantially different from that which you will find in most government agencies. Some details differ from those found in any other government agency. Sometimes this is difficult to understand and evaluate. We have four line divisions with field staff members to help rural people; we have four staff divisions to cooperate with them, which are primarily concerned with internal problems in cooperation with the line divisions. In addition to this there are the men in the Solicitor's Office of the Department who are ready to help at all times. The Solicitor's Office and at least two of the staff divisions also cover special field assignments from time to time, but primarily there are four divisions concerned with field activities. I think that the progress of REA bears testimony to the soundness of this particular type of setup from the standpoint of flexibility and dynamic action in getting the job done. It has to be borne in mind, however, that this particular type of setup places a very

real, and to some degree, unusual responsibility upon every field employee. However, it isn't a relationship entirely unlike some others found in human society. Most of you men, I think, are married, have been, or hope to be. You know from your own experience that if you have been married for a number of years, there are some things which, if you wish to talk over, you keep in the family. You also know that there are some times when your domestic relationships become strained, but notwithstanding how greatly you may feel that you are abused, you know that it is poor policy to talk with some other woman about your difficulties. It takes two people to make a success of that partnership and only one to break it. And, gentlemen, out there in the field you represent four different divisions of the same family, and as there are many things, it is a good plan to talk them over in that family group. There are times when things won't go right. You may become dissatisfied, but it is poor policy to look for sympathy from some other crowd, whether it be a cooperative, a slick looking gentleman who comes around selling material, or some other agreeable fellow who represents a private utility. There are four of you out there in the field and it takes four to make a success of this job in that particular area. It only takes one to wreck it. There is another thing that needs to be understood in a Government agency, and by the very nature of the type of people that we have in REA, people with resourcefulness, with drive and strong personalities, it is difficult to properly appreciate.

There is some difference between the functions and the privileges of a man who serves in the administrative branch of the Government and the man who is in private enterprise and is more or less a free agent. This becomes even more difficult for us to understand because REA has, as its borrowers, cooperatives which are in themselves private enterprises.

Cooperatives and organizations that generally sponsor cooperatives, such as the farm groups, are essentially very democratic in their character. They pass resolutions, they conduct elections, they hold referendums. However, it is not the job of an administrative agency to conduct or to affect elections or referendums, or otherwise to build up sentiment within organizations to cultivate pressure from the field. You have to recognize that fact. If it is the desire of any of our borrowers to speak on public questions that is their business. They speak through the regular channels and eventually through the Congress of the United States. They cannot speak through administrative agencies.

I have not been entirely unfamiliar with the feelings and emotions of the people in REA and in other government agencies, particularly in the Department of Agriculture, over a considerable period of time. I know that in REA there has been a feeling among many that organizational changes of greater or less degree are always imminent and that something drastic may happen at any moment. May I say that insofar as I am concerned, and so far as I can see, the various functional requirements of REA are such that they require a setup very similar to what we have.

We need Design and Construction people, people with proper engineering skill to assure our having lines and substations and generating facilities that

are adequate. We need Cooperatives' Operations Division to provide people with broad experience in management and operating problems and to assure that the funds we have loaned may be properly safeguarded. We need a Finance Division to provide those with responsibility for auditing and collecting and advice in routine accounting procedures. We need a Technical Standards Division to make determinations of technical standards that are fair and above reproach and to do research into yet uncharted fields, to the end that we may complete this job of electrification. We need an Information Division with people trained in public relations and capable of assisting our borrowers in maintaining good public relations both with the public and with the members. We have to have a Management Division to carry on the ordinary housekeeping routine here in the St. Louis Office. We need a Division of Personnel to keep our positions filled with capable people; to see to it that the rights of every employee are properly safeguarded in accordance with the regulations provided for their protection. We need a staff of competent attorneys to take care of the multitude of legal aspects that affect almost every step in the progress of our program. This machinery may creak some and occasionally it may appear inadequate. When it does, I trust that by working together and through the suggestions and help from all of our employees, we can iron out these difficulties and make this machine work more smoothly. It may be that we shall find that certain fundamental changes are required, but it's going to take a considerable amount of study and a considerable amount of time in my judgment before any drastic changes will occur. Our problem for the present is to keep all of these different responsibilities properly assigned; to keep all these different lines of endeavor properly coordinated and functioning smoothly.

There are nine divisional responsibilities. REA is a young organization. I don't know whether you fellows ever tried to break nine colts at one time or not, but you could do a pretty good job in getting some work done if they're hitched up to a three-bottom plow where the load is good and the furrows are long. However, if you want to do some jobs that are more difficult, where you have to turn more often, where you occasionally have to back a wagon into a difficult place, you have got to have nine horses that will work steadily and are together. This latter position is the position of REA at the present time, as I see it. Every one of us is concerned in this present period and in the post-war period about getting this job of REA's done, electrifying the farms and the homes of rural America that do not now have central station service.

We know that farmers want to get service out there. I believe we ought to do everything we possibly can to see that those who are best able to contribute to the Nation's food requirements get that service now. We have to recognize, however, that it takes considerable materials, materials which in this wartime period are considered critical. Though his difficulties may be great, no farmer in America who has a son or a friend in the armed service wants to see an ounce of critical material used that can possibly be used to better advantage somewhere else in the war effort. I am not forgetting that the farmer knows that he can make pretty good use of that material. We in REA have gone a long way toward securing a proper understanding of

the place of critical materials in food production. Folks in other responsible branches of Government have weighed the arguments we have presented and cooperated to an increasing degree. For part of this period they have had to accept our statements on faith, but increasingly as we gain experience, they are expecting our case to be based upon fact.

I have watched rather closely agencies in state and Federal Government over quite a period, and it is my conviction that in nine cases out of ten, and perhaps in 99 cases out of 100, whenever an agency or an individual has a good case properly based upon fact, they can secure favorable action. Deep down in your hearts you know that we don't want to receive action favorable to our program upon any other basis. We need to recognize our relationship with the Department and with the field staffs of its various bureaus and administrations. Unquestionably, REA as an agency to serve rural people, aside from the fact that it is in the Department of Agriculture, has more to gain from a friendly understanding relationship on the part of the other people in the Department than upon any other group of public servants.

It has been my almost unbroken policy to neither praise nor condemn an individual prominent in public life. I recognize that any individual in public life by the very nature of his work is subject to much praise and to some condemnation.

We live in a free country where people have a right to speak as well as think as they please. We have to recognize that sometimes even as folks speak they are merely thinking out loud. As public employees in an administrative branch of government, we need to recognize this fact and not be moved to unbecoming action if statements are made by the public or the press that strike at individuals we regard highly.

In closing may I say that it is my conviction that we have a great program. There is probably no agency which the Federal Government created within the last eleven years that is so highly regarded by the President of the United States as the Rural Electrification Administration. I can tell you with confidence that there is no agency within the Department of Agriculture which is considered by the Secretary to have greater potential possibilities for unfolding a dynamic, helpful program. We know that in the history of government agencies there is none that has brought as much satisfaction to as great a number of people for so small an expenditure of public funds as this program in which we have a part. You who have seen the smiles on the folks in countless farm homes that have turned on lights for the first time; you who have read the letters; you who have seen their meetings; you who know how much electricity has meant to mother and dad and the kids toward making that rural home a better place to live and more capable of contributing the food now so vitally needed--you appreciate better than anyone else what REA really means. You and I know that this is a great program. We are working together in it. If it fails, it is our fault. And on the other hand, if it succeeds, we will have had a share in contributing to its success.

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